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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE AID REPRESENTATIVE

American Embassy  
Islamabad, Pakistan

September 21, 1992

Dr. Elizabeth H. White  
Country Director  
The Asia Foundation  
Peshawar, Pakistan

Subject: Grant No. 499-00C2-G-00-2119-00  
Asia Democracy Program

Dear Dr. White:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to The Asia Foundation (hereby referred to as "TAF" or "Grantee"), the sum of \$56,471 (Fifty-Six Thousand Four Hundred and Seventy-one dollars) to provide support and to implement the Asia Democracy Program, as described in the Attachment 1, "Schedule & Program Description" of this Grant.

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending October 30, 1993.

This Grant is made to TAF, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the "Schedule & Program Description," and Attachment 2 entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and each copy of this letter to acknowledge your receipt of the grant, and return the original and all but one copy to the Grant Officer.

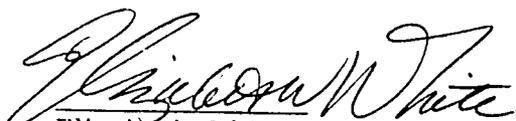
Sincerely,

Carlton M. Bennett  
Grant Officer

Grant No. 499-0002-G-00-2119-00  
Asia Democracy Program

ACKNOWLEDGED:

THE ASIA FOUNDATION

BY:   
Elizabeth White

TITLE: Country Director

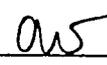
DATE: September 21, 1992

FISCAL DATA

Appropriation:	72-112/31021.5
Budget Plan Code:	HDE2-92-27306-KG12
PIO/T No.	499-0002-3-2001
Project No.	499-0002.06
Total Estimated Amount:	\$56,471
Total Obligated Amount:	\$56,471

Attachments:

1. Schedule & Program Description
2. Standard Provisions

CLEARANCE: fa/REP: BALI: 

89123 OFM: RDBRUCE: 

Grant No. 499-0002-G-00-2119-00  
Asia Democracy Program

SCHEDULE AND PROGRAM DESCRIPTION

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ARTICLE I - PURPOSE OF THE AGREEMENT AND PROGRAM DESCRIPTION

A. Background:

Outreach Literacy Program in Mchanai Camp

Over 95% of Afghan Women are illiterate. In some of the refugee camps the number of illiterate women is almost 100%. This greatly handicaps their ability to take command of their lives and assume positions of leadership in the community. In addition the number of widows, along with the number of wives of handicapped or incapacitated men has never been higher. Currently, such women have the choice of either becoming a financial burden on their extended family or living a life of poverty. These women need opportunities and access to education in order to play an active role in their future and the future of Afghan society.

The Center's education and information services help to provide these opportunities, enabling women to support their families and increasing their potential contribution to the reconstruction of Afghanistan.

AWRC has found the already established programs to be very successful. The success of the course at Akora Camp No. 8, which was established in January of last year; encouraged the staff to extend the camp outreach program for a further seven months and two other outreach programs were begun in August last year. The program has earned widespread acclaim in the local community, so much so that other sections of Akora Khattak camp and people in other camps have been very eager for the Center to begin programs in their areas. Both proposed outreach programs are being made at the request of camp communities, reflecting the growing acceptance of education for women.

The responses from women who have graduated from the course Akora Camp No. 6 have been most encouraging. Many women speak of their delight in being able to read instructions regarding health and medicine, and many are pleased with their new feeling of self worth when they are able to complete forms and sign their names. Some have already taken a role of leadership in the community and

have begun to teach others their newly acquired skills on an informal basis. With this new self-confidence the program is already empowering the camp women and the men are very supportive, for they too benefit from the knowledge and the skills of the women in nutrition and health.

Most women choose to purchase a sewing machine rather than collect their monthly stipend provided by the project. The women can then make clothes for their families and some have been able to use the sewing machines to earn an extra income. The Camp Administrator has undertaken a small survey of eight women who received sewing machines. All the women support their families by making clothes for others. One of them has a contract with Afghan Aid to make clothes; she was happy and praised the program. The others also praised the program.

The total population of Mechanai Camp is approximately 9500, with 1200 families. At present there are two primary schools for orphans, one boys and one girls school, but there are no non-government organizations working in the camp. Most families have come from Nangarhar province and some have come from Laghman and Logar provinces. There are no educated women in camp, nor are there any women's programs.

#### Beneficiaries

The direct beneficiaries of the camp outreach programs are the 40 women who attend lessons daily. Two semesters of the course will be run at the proposed outreach program, so 80 women will benefit directly from this project. Indirect beneficiaries will be the families and neighbors of the women who attend the course. Students of the course will be encouraged and given basic instruction on how to share their knowledge with their families and friends. The children of the women will benefit from their mothers being better educated and more capable of supporting themselves financially. Using an estimate of seven persons per family at least 560 people should be indirect beneficiaries of the outreach programs.

In the long term women who have gained a basic are more likely to send their children, both boys and girls, to school and will be able to better understand reconstruction activities and local government in Afghanistan. Their children should also be healthier. Women will be more aware of their rights within the context of Islam and will be more capable of playing a significant role in their communities and on their return to Afghanistan.

#### Description of Proposed Activities

Two classes of 20 students each attend courses from Saturday to Thursday each week. Each course last for three hours a day and covers literacy and numeracy, hand knitting and crocheting, tailoring and basic health care. The textbook used in literacy classes have been designed specifically for Afghan refugees and is provided by the University of Nebraska. During the knitting and tailoring classes women are given instruction on marketing strategies for selling their products. These classes are also used as discussion groups during which the women can share their experiences and ideas.

Class members will be provided with a nominal monthly stipend, approximately equal to Rs.10, or US\$ .43 per day. This is to compensate women for time spent out of the home and to act as an indication that women's time is valuable. 31 out of 47 students in the first Akora semester, and 32 out of 48 in the second chose to save the stipend in order to purchase sewing machines and. Using these for tailoring and repairs will contribute to family welfare and increase self - sufficiency.

## Implementation

### Work Plan

A site for the school will be found, either a house for rent or a tent purchased in the bazaar when the proposed camp outreach programs begin the funding year at the beginning of August. The new teachers for the proposed outreach program will also be recruited and trained in the first month of the program.

The outreach programs run simultaneously, so that the breaks between semesters can be used for teacher in-service training. The teachers combine with the teachers of the other outreach programs to discuss their work, share skills and ideas, and plan for the next semester. Thirty-nine teachers participated in an AWRC teacher training program in December and it is intended that this project will be able to draw on this pool of trained women.

### Key Personnel and their Responsibilities:

The program will have four teachers:-

- 2 Literacy Teachers
- 1 Knitting / Sewing Teacher
- 1 Basic Health Care Teacher

These teachers will be responsible for lesson preparation modification of materials to suit the language and circumstances of the students. In addition to the academic staff, one chawkidar and a cleaner will be employed at the outreach center.

Center-based staff:-

- Academic Manager
- Vocational Supervisor
- Camps Administrator
- Accountant
- Manager

The Academic Manager visits the Camp programs to ensure that the teaching and materials used are of a sufficiently high standard. She is also responsible for teacher training. The vocational supervisor visits the camps to ensure that the vocational materials are appropriate and useful. The Camps Administrator is responsible for transport, registration of students and provision of necessary materials. She deals with the problems since she makes daily visits to the camps and visits the Center regularly in order to keep a steady flow of communication between the camps and the Center, thus enabling effective coordination of all education programs. The Camps Administrator assists the Academic Manager with teacher training programs for camp teachers.

The Accountant is responsible for the book-keeping and financial reports of the project. The Center Manager makes narrative reports, prepares budgets and has overall responsibility for the project.

### Monitoring and Evaluation

The teachers monitor the progress of the students both informally and through monthly tests to evaluate teaching materials and practice. The Academic Manager and Center Manager make regular visits between the outreach program and the Center to ensure that standards of teaching are high. At the end of each semester students will undertake an evaluation of the course so that the Center will be able to respond to student suggestions.

### RISKS AND CONSTRAINTS

Any education program for Afghan women refugees in NWFP runs some risk of being rejected by the local community. However, the programs at Akora Camp and the Arbab Road Center have been accepted by the local power structures. The risk of distrust and suspicion has been minimized by teaching literacy only through culturally appropriate materials, by the one expatriate working at the Center maintaining a very low profile, and by not allowing men into the Center (other than in exceptional circumstances). Suspicion and distrust are also minimized by the Center having a solely Afghan Advisory Board and the fact that its inception was entirely through the efforts of Afghan women. AWRC also maintains a non-political stance which enables ready acceptance in the camps.

### SUSTAINABILITY/TRANSFER TO AFGHANISTAN

The success of the existing program at Akora Camp promises future success in other camps and in Afghan villages after repatriation. Already the reputation of the outreach programs has been established in the local community. The enthusiasm of the women who have attended the courses leads the AWRC to believe that other outreach centers will continue to be just as successful.

The AWRC has begun initial planning for transferring the literacy program to Afghanistan, as soon as the security situation permits. The AWRC would establish a central program in Kabul with extension outreach planned for provinces. Most of the staff are keen to transfer the knowledge and experience they have gained from working at the Center to a similar project in Afghanistan. The project serves as a model of women's voluntary community organizations and will continue this role into Afghanistan.

### International Conference on Islam and Democracy

This grant will enable the Cultural Council for Afghanistan Resistance (CCAR) to hold an international seminar and a series of community workshops on Islam and democracy.

#### Relationship to the Asia Democracy Program:

This seminar and follow-up activities will increase understanding of democratic principals and their relationship to Islam. The presentations of participants from other countries will provide practical examples of the varieties of democratic institutions in contemporary Islamic societies. Other scholars will examine the philosophical basis for representative institutions in Islam.

As Afghanistan faces the challenge of establishing an Islamic government which reflects the will of the Afghan people, establishes peace and justice and protects human rights, it is essential to increase understanding of democratic principals, processes and institutions among policy makers and community leaders.

#### E. GRANTEE INFORMATION

From 1954 to 1980 The Asia Foundation office in Kabul responded to Afghan needs in the field of education, administration, export crop development, textbook printing and book distribution. The Foundation is well known among Afghan leaders. In 1990, the Foundation established an Afghan program office in Peshawar to renew its contracts with an wide range of Afghan institutions and individuals. The Foundation staff are prepared to assist subgrantee organizations in the design and implementation of activities and in the preparation of substantive and financial reports.

#### *SUB-GRANTEE INFORMATION*

Objectives: CCAR was founded to maintain a record of the Afghan conflict and to provide a forum for the exchange of ideas and information related to the future of Afghanistan. The CCAR Institute of Policy Studies has hosted a series of seminars, with partial support from USAID and The Asia Foundation on issues critical to the reconstruction of Afghanistan, including law, the constitution, education, the economy, the freedom of expression. These seminars have resulted in a series of widely distributed policy papers and articles in the CCAR quarterly, Afghan Jihad.

Establishment: CCAR was founded in 1984 in Islamabad.

Activities: The quarterly journal, Afghan Jihad, and complete proceedings of seminars have been produced regularly and circulated to readers in Pakistan, Afghanistan and overseas. 5000 copies of the journal, in Pushto and English, reach influential Afghans and potential policy makers throughout the world.

Relationship with other organizations: The participants in CCAR seminars include Afghans associated with different parties, geographical areas, linguistic groups, non-governmental organizations, universities, and officials of the interim

governing bodies. CCAR cooperatives with many organizations in the exchange of publications and the maintenance of archives on the resistance. CCAR receives financial support from the Konrad Adenauer Foundation and the National Endowment for Democracy as well as private donors.

### C. PROJECT INFORMATION

1. Description of need / baseline data: In April 1992, President Najibullah resigned, paving the way for an interim government, representing the resistance forces. Elections to establish a representative government are to be held within 18 months. While most Afghans agree that the future government must be both Islamic and democratic, there is little understanding of the processes and institutions necessary. Some conservative elements argue that democracy and Islam are not compatible. Familiarity with the patterns of government in other Muslim countries and understand of the theoretical basis for democracy in Islam will assist Afghan leaders to counter the fundamentalists and plan the nation's political future wisely.

#### 2. Objectives and Outputs:

a. Objective: To increase understanding of the Islamic basis for democratic institutions and processes.

Output: 10 scholars and political scientists from Muslim countries will join 20 Afghans and 5 Pakistanis to examine the theory and practice of democracy in contemporary Islamic nations.

Output: A summary of the seminar proceedings will be recorded on tape to serve as the basis for a series of follow-up discussions for men and women in Peshawar, Quetta, and provincial cities of Afghanistan. The discussions will be arranged in cooperation with educational institutions and non governmental organizations.

3. Beneficiaries: 35 seminar participants and 400 participants in the follow-up discussions.

4. Short-and Long-term impact: The discussion of Islam and democracy will focus attention on political reconstruction at a critical time. Within the next few months, Afghans must create mechanisms to assure the creation of a just and representative government. This seminar and the subsequent discussions will assist leaders in making wise decisions.

#### 5. Implementation:

a. Work plan: CCAR staff will plan the seminar, to be held in November, 1992. It will edit the proceedings and prepare the summaries for recording and publication. CCAR staff will conduct the series of follow-up discussions in different cities in Pakistan and Afghanistan. The complete proceedings will be edited and published by CCAR within three months of the close of the seminars.

The Asia Foundation will assist in identifying scholars from Asian Muslim countries and will make travel arrangements. Foundation staff will also assist in the arrangements for the follow-up discussions, particularly those that involve women's organizations.

b. Key personnel: Sahabuddin Kushkaki, CCAR, Elizabeth White, The Asia Foundation.

c. Risks and constraints: The security situation in Afghanistan will affect the venue of the seminar and the extent to which follow-up discussions can be conducted in provincial cities. If necessary, the seminar will be held in Pakistan and the discussion meetings in Afghanistan delayed until the situation is more secure. The seminar will still meet the objective of increasing awareness of democratic processes and principals if it is held in Pakistan.

d. Evaluation: The Asia Foundation staff will attend the seminar and the discussion meetings. Participants will be asked to comment on the relevance of the material presented. CCAR will be required to submit narrative and financial reports. These will include comments from participants and readers of the printed proceedings. The Foundation will review these reports and submit a final evaluation to USAID within 60 days of the completion of the activities.

5. Sustainability: Before September, 1992, CCAR hopes to shift its offices to Afghanistan. It will continue to function as policy and research institute independently or in conjunction with the university of Kabul.

#### D. BUDGET INFORMATION

The Asia Foundation will disburse funds to CCAR. Variations between line items in the budget of up to 15% will be permitted. Sufficient funds will be retained by the Foundation to cover the monitoring, evaluation and indirect costs. Final financial reports will be submitted before March 1, 1993.

#### ARTICLE II: PERIOD OF AGREEMENT

A. The effective date of this Agreement is: September 22, 1992  
The estimated expiration date is: October 30, 1993

#### ARTICLE III: FUNDS OBLIGATED, PAYMENT, AND ESTIMATED COST

##### A. PAYMENT

Payment shall be made to the Recipient in accordance with the procedures set forth in Attachment 2, and the Standard Provision entitled "Payment - Periodic Advance."

## B. ESTIMATED COST

1. The budget for this Agreement is given below. Revisions to this budget shall be made in accordance with Standard Provisions of this Agreement, entitled "Revision of Grant Budget."

## BUDGET

## Outreach Literacy Program in Mechanai Camp

Local Staff	\$ 7,384
Student Support	6,240
Other Direct Costs	10,332
Equipment/Books	9,220
Overhead	<u>3,315</u>
Total	\$36,471

## International Conference on Islam and Democracy

Transportation	\$ 7,650
Logistics Support	8,223
Indirect Costs	<u>4,127</u>
Total	\$ 20,000

2. Any variation in excess of 15 percent among budget line items category will require written approval of the Agreement Officer.

3. The Recipient agrees to furnish data which the Agreement Officer may request on costs expended or accrued under this Agreement in support of the budget information provided herein.

4. The restrictions on the use of A.I.D. funds hereunder set forth in the Standard Provision of this Agreement are applicable expenditures incurred with A.I.D. funds provided under this Agreement. The Standard Provisions are not applicable to expenditures incurred with funds provided from non-Federal sources. The Recipient will account for A.I.D. funds in accordance with Standard Provision No. 2 entitled "Accounting, Audit and Records."

5. Financial Reporting and Vouchers

All financial reports and vouchers for payment and reporting of expenditures will be submitted monthly (on an advance/reimbursement system) by the Recipient and will conform to A.I.D. regulations and the terms of the Optional Standard Provision entitled "Payment - Periodic Advance"

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B. Authorized Geographic Code

Commodities and services financed by A.I.D. under this project shall have their source, origin and nationality in the United States of America, Pakistan, Afghanistan and, when agreed to in writing by the A.I.D. Representative, countries in A.I.D. Geographic Code 935. Ocean shipping financed by A.I.D. under this Agreement shall, except as the A.I.D. Representative may otherwise agree in writing, be financed only on flag vessels of the United States.

C. Prohibition on Assistance to Drug Traffickers

The Recipient shall take all reasonable steps to ensure that assistance is not provided to or through any individual or entity that the Recipient knows or has reason to believe---

(1) has been convicted of a violation of, or a conspiracy to violate, any law or regulation of the United States, a State or the District of Columbia, or a foreign country relating narcotic or psychotropic drugs or other controlled substances (as defined in Section 481(i)(3) of the Foreign Assistance Act.

(2) is or has been an illicit trafficker in any such controlled substance or is or has been a knowing assister, abettor, conspirator, or colluder with others in the illicit trafficking in any such substance.

The Recipient shall provide any certification which may be required regarding compliance with this provision.

D. Special Audit Provisions

Based upon approval by the AID Representative, the provisions of this Agreement with respect to accounting, records and audit shall not apply to operational costs incurred within Afghanistan and end-use-checks of commodities and equipment located within Afghanistan. However, the Recipient agrees to the maximum and reasonable extent to exercise prudent oversight of such operational costs and commodities. Further, the Recipient agrees to report in detail on such costs and commodities as part of the Agreement reporting requirements.

E. Co-Financing

Financial management and reporting of those activities financed by other donors will be separate from A.I.D.-funded activities.

F. Close-out Procedures

This section prescribes uniform closeout procedures.

1. The following definitions shall apply for the purpose of this section.

a. Closout: The closout of a grant or agreement is the process by which AID determines that all applicable administrative actions and all required work of the grant or agreement have been completed by the recipient and AID.

b. Date of Completion: The date of completion is the date on which all work under grants and agreements is completed or the date on the award documents, or any supplement or amendment thereto, on which AID sponsorship ends.

c. Disallowed Costs: Disallowed costs are those charges to a grant or agreement that AID or its representative determines to be unallowable in accordance with the applicable Federal cost principles or other conditions contained in the grant or agreement.

2. AID closout procedures include the following requirements:

a. Upon request, AID shall make prompt payments to a recipient for allowable reimbursable costs under the grant or agreement being closed out.

b. The recipient shall immediately refund any balance or unobligated (unencumbered) cash that AID has advanced or paid and that is not authorized to be retained by the recipient for use in other grants or agreements.

c. AID shall obtain from the recipient within 90 calendar days after the agreement all financial, performance, and other reports required as a condition of the grant or agreement. AID may grant extensions when requested by the recipient.

d. The recipient shall account for any property acquired with AID funds or received from the Government in accordance with Attachment N of OMB Circular A-110 entitled "Property Management Standards".

e. In the event a final audit has not been performed prior to the closout of the grant or agreement, AID shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

G. Restrictions on Lobbying

(a) Definitions. As used in this clause,

"Agency," as defined in 5 U.S.C. 552(f), includes Federal executive departments and agencies as well as independent regulatory commissions and Government corporations, as defined in 31 U.S.C. 9101(1).

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"Covered Federal action" means any of the following Federal actions:

- (1) The awarding of any Federal contract;
- (2) The making of any Federal grant;
- (3) The making of any Federal loan;
- (4) The entering into of any cooperative agreement; and
- (5) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

Covered Federal action does not include receiving from an agency a commitment providing for the United States to insure or guarantee a loan.

"Indian tribe" and "tribal organization" have the meaning provided in section 4 of the Indian Self-determination and Education Assistance Act (25 U.S.C. 450B). Alaskan Natives are included under the definitions of Indian tribes in that Act.

"Influencing or attempting to influence" means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

"Local government" means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

"Officer or employee of an agency" includes the following individuals who are employed by an agency:

- (1) An individual who is appointed to a position in the Government under title 5, U.S. Code, including a position under a temporary appointment;
- (2) A member of the uniformed services as defined in section 101(3), title 37, U.S. Code;
- (3) A special Government employee as defined in section 202, title 18, U.S. code; and
- (4) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, U.S. Code, appendix 2.

"Person" means an individual, cooperation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

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"Reasonable compensation" means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.

"Reasonable payment" means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.

"Recipient" includes all contractors and subcontractors at any tier in connection with a Federal contract. The term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Regularly employed" means, with respect to an officer or employee of a person requesting or receiving a Federal contract, an officer or employee who is employed by such person for at least 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

"State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and a multi-State, regional, or interstate entity having governmental duties and powers.

(b) Prohibitions.

(1) Section 1352 of title 31, U.S. code, provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, renewal, amendment, or modification of any Federal contract, grant loan, or cooperative agreement.

(2) The prohibition does not apply as follows:

(i) Agency and legislative liaison by Own Employees.

(A) The prohibition on the use of appropriated funds, in paragraph (1) of this section, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting

or receiving a Federal contract if the payment is for agency and legislative liaison activities not directly related to a covered Federal action.

(B) For purposes of paragraph (A) of this section, providing any information specifically requested by an agency or Congress is allowable at any time.

(C) For purposes of paragraph (A) of this section, the following agency and legislative liaison activities are allowable at any time only where they are not related to a specific solicitation for any covered Federal action:

(i) Discussing with an agency (including individual demonstrations) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities; and

(ii) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(D) For purposes of paragraph (A) of this section, the following agency and legislative liaison activities are allowable only where they are prior to formal solicitation of any covered Federal action:

(i) Providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

(ii) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(iii) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507 and other subsequent amendments.

(E) Only those activities expressly authorized by paragraph (i) of this section are allowable under paragraph (i).

(ii) Professional and technical services by Own Employees.

(A) The prohibition on the use of appropriated funds, in paragraph (1) of this section, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a Federal contract or an extension, continuation, renewal, amendment, or modification of a Federal contract if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal contract or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal contract.

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(B) For purposes of paragraph (A) of this section, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission or negotiation of a covered Federal action.

(C) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal action include those required by law or regulation, or reasonably expected to be required by law or regulation, and any other requirements in the actual award documents.

(D) Only those services expressly authorized by paragraph (ii) of this section are allowable under paragraph (ii).

(iii) Reporting for Own Employees.

No reporting is requirements with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.

(iv) Professional and technical services by Other than Own Employees.

(A) The prohibition on the use of appropriated funds, in paragraph (1) of this section, does not apply in the case of any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered Federal action, if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of by bid, proposal, or application for that covered Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that covered Federal action.

(B) For purposes of paragraph (A) of this section, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contracts allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission or negotiation of a covered Federal action.

(C) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal action include those required by law or regulation, or reasonably expected to be required by law or regulation, and any other requirements in the actual award documents.

(D) Persons other than officer or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(E) Only those services expressly authorized by paragraph (iv) of this section are allowable under paragraph (iv).

(c) Disclosure.

(1) Each person who requests or receives from an agency a covered Federal action shall file with that agency a certification that to person has not made, and will not make, any payment prohibited by paragraph (b) of this provision.

(2) Each person who requests or receives from an agency a covered Federal action shall file with that agency a disclosure form, disclosure form, Standard Form-LLL, "Disclosure of Lobbying Activities," if such person has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered Federal action), which would be prohibited under paragraph (b) of this provision if paid for with appropriated funds.

(3) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure

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form previously filed by such person under paragraph (2) of this section. An event that materially affects the accuracy of the information reported includes:

(i) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

(ii) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

(iii) A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

(4) Any person who requests or receives from a person referred to in paragraph (1) of this section a subcontract exceeding \$100,000 at any tier under a Federal contract shall file a certification, and a disclosure form, if required, to the next tier above.

(5) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraph (1) of this section. That person shall forward all disclosure forms to the agency.

(d) Penalties.

(1) Any person who makes an expenditure prohibited under paragraph (b) of this clause shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

(2) Any person who fails to file or amend the disclosure form to be filed or amended if required by this clause, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

(3) Contractors may rely without liability on the representation made by their subcontractors in the certification and disclosure form.

(f) Cost allowability.

Nothing in this clause is to be interpreted to make allowable or reasonable any costs which would otherwise be unallowable or unreasonable in accordance with Part 31 of the Federal Acquisition Regulation. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any of the provision of part 31 of the Federal Acquisition Regulation.