

COST REIMBURSEMENT TYPE CONTRACT

AGENCY FOR INTERNATIONAL DEVELOPMENT
NEGOTIATED CONTRACT NO. AID/NE-C-1557

CONTRACT TYPE

*Key - J Stuart
NE/RA*

NEGOTIATED PURSUANT TO THE FOREIGN ASSISTANCE
ACT OF 1961, AS AMENDED, AND EXECUTIVE ORDER 11223

AMOUNT
\$22,941

CONTRACT FOR: Project No. 298-0153
Study of the Economic Implications of a Middle East Peace Settlement

ISSUING OFFICE (Name and Address) Agency for International Development Office of Contract Management Regional Operations Division-LAC Washington, D.C. 20523	CONTRACTOR (Name and Address) Analytical Assessment Corporation NAME Post Office Box 9695 STREET ADDRESS Marina del Rey, CA 90291 CITY, STATE AND ZIP CODE
ADMINISTRATION BY Issuing Office	COGNIZANT SCIENTIFIC/TECHNICAL OFFICE NEA/RA
MAIL VOUCHERS (Original & 3 copies) TO: Agency for International Development, Office of Financial Management (FM/PAD) Washington, D.C. 20523	ACCOUNTING AND APPROPRIATION DATA PIO/T NO. 298-0153-3-6287817 APPROPRIATION NO. 72-1181079 ALLOTMENT NO. 879-62-298-00-69-81
EFFECTIVE DATE 9/29/78	ESTIMATED COMPLETION DATE 11/14/78

TYPES OF BUSINESS (CHECK APPROPRIATE BOX(ES))

<input type="checkbox"/>	SOLE PROPRIETORSHIP	<input type="checkbox"/>	SMALL BUSINESS
<input type="checkbox"/>	PARTNERSHIP	<input type="checkbox"/>	LABOR SURPLUS AREA
<input type="checkbox"/>	JOINT VENTURE		
<input checked="" type="checkbox"/>	CORPORATION, INCORPORATED IN THE STATE OF California		

The United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the Contractor agree that the Contractor shall perform all the services set forth in the attached Schedule, for the consideration stated therein. The rights and obligations of the parties to this contract shall be subject to and governed by the Schedule and the General Provisions. To the extent of any inconsistency between the Schedule or the General Provisions and any specifications or other provisions which are made a part of this contract, by reference or otherwise, the Schedule and the General Provisions shall control. To the extent of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

This Contract consists of this Cover Page, the Schedule of 4 Pages, including the Table of Contents and the General Provisions (form AID 1420-41C, dated 7/1/76).

NAME OF CONTRACTOR Analytical Assessment Corporation	UNITED STATES OF AMERICA AGENCY FOR INTERNATIONAL DEVELOPMENT
BY (Signature of authorized individual) <i>Fred M. Leykam</i>	BY (Signature of Contracting Officer) <i>Gary E. Dwoskin</i>
TYPED OR PRINTED NAME Fred Leykam	TYPED OR PRINTED NAME Gary E. Dwoskin
TITLE Assistant Secretary	CONTRACTING OFFICER
DATE September 29, 1978	DATE September 29, 1978

FUNDS AVAILABLE

SEP 30 1978

SCHEDULE
COST REIMBURSEMENT TYPE CONTRACT

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SCHEDULE

The Schedule, on pages 1 through 4, consists of this Table of Contents and the following Articles:

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GENERAL PROVISIONS

The General Provisions applicable to this contract consist of form AID 1420-41C entitled "General Provisions - Cost Reimbursement Type Contract" dated 7/1/76, which includes provisions 1 through 44.

Article I - Statement of Work

The Contractor, as an independent Contractor and not as an agent of the Government, shall perform a study of the Economic Implications of a Middle East Peace Settlement as described in the attached Appendix A - "Statement of Work."

Article II - Technical Directions

Performance of the work hereunder shall be subject to the technical directions of the cognizant Scientific/Technical Office indicated on the Cover Page. As used herein, "Technical Directions" are directions to the Contractor which fill in details, suggest possible lines of inquiry, or, otherwise complete the general scope of the work. "Technical Directions" must be within the terms of this contract and shall not change or modify them in any way.

Article III - Period of Contract

The effective date of this contract is September 29, 1978 and the estimated completion date is November 14, 1978.

Article IV - Estimated Cost and Fixed Fee

The total estimated cost of this contract to the Government is \$21,041. The Fixed Fee is \$1,900.

Article V - Budget

<u>Category</u>	<u>Budget</u>
Salaries and Wages	\$10,301
Benefits & Employer Taxes	2,678
Travel & Transportation	828
Per Diem	500

Budget (cont.)

<u>Category</u>	<u>Budget Amount</u>
Consultant Fees	\$ 1,500
Computer	1,010
Overhead (41% Salaries & Wages)	<u>4,224</u>
Grand Total	\$21,041

The Budget shown above is for estimating purposes only. The Contractor may adjust line item amounts as reasonably necessary for the effective and efficient performance of this contract. The Contractor may not exceed the Total Estimated Cost without the prior written authorization from the Contracting Officer.

Article VI - Costs Reimbursable

The United States dollar costs allowable under the contract shall be limited to reasonable, allocable, and necessary costs determined in accordance with the Clause of the General Provisions of this Contract entitled "Allowable Cost, Fixed Fee, and Payment."

Article VII - Payment of Fixed Fee

At the time of each payment to the Contractor on account of allowable dollar costs, the Contractor shall be paid a dollar amount which is in the same ratio to the total fixed fee as the related payment being made on account of allowable dollar costs is to the total estimated cost, as amended from time to time; provided however, that whenever in the opinion of the Contracting Officer such payment would result

in a percentage of fee in excess of the percentage of work completion, further payment of fee may be suspended until the Contractor has made sufficient progress, in the opinion of the Contracting Officer, to justify further payment of fee up to the agreed ratio; provided further, that after payment of eight-five percent(85%) of the total fixed fee, the provisions of the General Provision of this contract entitled "Allowable Cost, Fixed Fee, and Payment," shall be followed.

Article VIII - Establishment of Overhead Rate

Pursuant to the provisions of the Clause of the General Provisions of this contract entitled "Negotiated Overhead Rates," a rate or rates shall be established for the period of contract performance.

Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base(s) which are set forth below:

Overhead	$\frac{41\%}{\text{(Rate)}}$	$\frac{\text{Salaries \& Wages}}{\text{(Base)}}$
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Article IX - Alterations in Contract

The alterations in the contract are included in "Attachment to AID 1420-41, Cost Reimbursement Contract June 1978" which is attached hereto and made a part hereof.

Statement of Work For

ECONOMIC ANALYSIS OF WEST BANK AND GAZA TRADING AND ECONOMIC LINKS WITH ISRAEL, JORDAN, EGYPT AND OTHER COUNTRIES

The Contractor shall produce a report detailing the trading and economic links of the West Bank and Gaza with Israel, Jordan, Egypt and other states in the region as expected to develop following a peace settlement, both during the five-year transition period and thereafter. The report should assess possible changes in trade linkages and barriers to trade, as well as the effects of changes in direction and volume of trade on local production, productivity, employment, and income; it should address the present condition and future development of financial linkages including, but not limited to monetary systems and currency control regulations, banking systems and institutions, and the direction and volume of capital flows. The report should investigate other economic links such as labor movements, investments, technology and entrepreneurial transfers and their effects on economic growth, inflation, etc. in West Bank and Gaza. The report should also examine the durability of these linkages in the face of outside pressure or competition over the next five to ten years, assuming a continuation, perhaps, growth of economic links.

Prior to October 10 the Contractor shall submit a working

outline of the model for approval. The outline shall be forwarded to Mr. H. A. Englebrecht, Department of State, NEA/RA. A draft of the final report shall be forwarded to Mr. Englebrecht no later than November 1, 1978.

The Final report shall be submitted no later than November 14, 1978 as follows:

1 copy	Agency for International Development Contracting Officer CM/ROD/LAC Washington, D.C. 20523
2 copies	AID Reference Center Agency for International Development Washington, D.C. 20523
25 copies	Department of State ATTN: Mr. H.A. Englebrecht, NEA/RA Washington, D.C.

GENERAL PROVISIONS

Cost Reimbursement Type Contract

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1. DEFINITIONS (DEC. 1970)

(a) "Administrator" shall mean the Administrator or the Deputy Administrator of the Agency for International Development.

(b) "AID" shall mean the Agency for International Development.

(c) "Consultant" shall mean any especially well qualified person who is engaged, on a temporary or intermittent basis to advise the Contractor and who is not an officer or employee of the Contractor who performs other duties for the Contractor.

(d) "Contracting Officer" shall mean the person executing this contract on behalf of the United States Government, and any other Government employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(e) "Contractor Employee" shall mean an employee of the Contractor assigned to work under this contract.

(f) "Cooperating Country or Countries" shall mean the foreign country or countries in or for which services are to be rendered hereunder.

(g) "Cooperating Government" shall mean the government of the Cooperating Country.

* Refer to text.

(h) "Economy Class" air travel (also known as jet economy, air coach, tourist class, etc.) shall mean a class of air travel which is less than first class.

(i) "Federal Procurement Regulations (FPR)," when referred to herein shall include Agency for International Development Procurement Regulations (AIDPR).

(j) "Government" shall mean the United States Government.

(k) "Mission" shall mean the United States AID Mission to, or principal AID office in, the Cooperating Country.

(l) "Mission Director" shall mean the principal officer in the Mission in the Cooperating Country, or his designated representative.

2. CHANGES (DEC. 1970)

(a) The Contracting Officer may at any time, by a written order, and without notice to the sureties, if any, make changes, within the general scope of this contract, in any one or more of the following: (1) statement of work or services, (2) drawings, designs, or specifications, (3) method of shipment or packing, (4) place of inspection, delivery, or acceptance, and (5) the amount of logistic support and property of the United States or Cooperating Government to be furnished or made available to the Contractor for

ALTERATIONS IN CONTRACT

A. The General Provisions (Form AID 1420-41C (7-1-76)) of this Contract are modified as follows:

1. General Provision 23, Termination for Default or for Convenience of the Government:

Paragraph (j) is amended by deleting the phrase "...at the rate of 6 percent per annum,..." and in its place inserting "...at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41 (50 U.S.C. App. 1215(b)(2)) for the Renegotiation Board,..."

2. General Provision 29, Patent Rights. The attached clause entitled (specify patent rights clause) is incorporated into the General Provisions of this Contract.

3. General Provision 40, Listing of Employment Openings, is deleted in its entirety. In its place insert the attached General Provision entitled "Disabled Veterans and Veterans of the Vietnam Era."

4. General Provision 44, Clean Air and Water, is attached hereto and is incorporated into the General Provisions of this Contract.

5. General Provision 45, Cost Accounting Standards, is attached hereto and is incorporated into the General Provisions of this Contract.

6. General Provision 46, Use of Government Facilities and Personnel, is attached hereto and is incorporated into the General Provisions of this Contract.

B. The Additional General Provisions (Form AID 1420-41D (7-1-76)) of this Contract are modified as follows:

1. Additional General Provision 3, Travel Expenses:

(a) Paragraph (i)(1)(ii) is deleted in its entirety. In its place insert the following new paragraph (i)(1)(ii):

"(ii) Death, or serious illness or injury of a member of the immediate family of the employee or the immediate family of the employee's spouse. 'Serious illness or injury' and 'immediate family' are defined in accordance with Section 699.5 of the Uniform State/AID/USIA Regulations, as in effect on the date of such travel."

Attachment to AID 1420-41,
Cost Reimbursement Contract
June 1978

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(b) Paragraph (1), Use of U.S. Flag Carriers, is deleted in its entirety.

2. Additional General Provision 4, Transportation and Storage Expenses:

Paragraph (d)(1), International Air Transportation, is deleted in its entirety.

3. Additional General Provision 11, Insurance - Workmen's Compensation, Private Automobiles, Marine, and Air Cargo is amended by deleting paragraph (a), Workmen's Compensation Insurance, in its entirety. In its place, insert the attached clause entitled "Workmen's Compensation Insurance (Defense Base Act) (Dec. 1977)."

4. Additional General Provision 16, Preference for U.S. Flag Air Carrier, is attached hereto and is incorporated into the Additional General Provisions of this Contract.

General Provision _____

DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA

(This clause shall be included in all contracts exceeding \$10,000)

(a) The Contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified.

The Contractor agrees to take affirmative action to employ, advance in employment, or otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veterans status in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship.

(b) The Contractor agrees that all suitable employment openings of the contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract and including those occurring at an establishment of the contractor other than the one wherein the contract is being performed but excluding those of independently operated corporate affiliates, shall be listed at an appropriate local office of the State employment service system wherein the opening occurs. The contractor further agrees to provide such reports to such local office regarding employment openings and hires as may be required.

State and local Government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service, but are not required to provide those reports set forth in paragraphs (d) and (e).

(c) Listing of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment source or effort and shall involve the normal obligations which attach to the placing of a bona fide job order, including the acceptance of referrals of veterans and nonveterans. The listing of employment openings does not require the hiring of any particular job applicant or from any particular group of job applicants, and nothing herein is intended to relieve the contractor from any requirements in Executive Orders or regulations regarding nondiscrimination in employment

(d) The reports required by paragraph (b) of this clause shall include, but not be limited to, periodic reports which shall be filed at least quarterly with the appropriate local office or, where the contractor has more than one hiring location in a State, with the central office of that State employment service. Such reports shall indicate for each hiring location (1) the number of individuals hired during the reporting period, (2) the number of nondisabled veterans of the Vietnam era hired, (3) the number of disabled veterans of the Vietnam era hired, and (4) the total number of disabled veterans hired. The reports should include covered veterans hired for on-the-job training under 38 U.S.C. 1787. The Contractor shall submit a report within 30 days after the end of each reporting period wherein any performance is made on this contract identifying data for each hiring location. The contractor shall maintain at each hiring location copies of the reports submitted until the expiration of one year after final payment under the contract, during which time these reports and related documentation shall be made available, upon request, for examination by any authorized representatives of the contracting officer or of the Secretary of Labor. Documentation would include personnel records respecting job openings, recruitment, and placement.

(e) Whenever the contractor becomes contractually bound to the listing provisions of this clause, it shall advise the employment service system in each State where it has establishments of the name and location of each hiring location in the State. As long as the contractor is contractually bound to these provisions and has so advised the State system, there is no need to advise the State system of subsequent contracts. The contractor may advise the State system when it is no longer bound by this contract clause.

(f) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 States, The District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

(g) The provisions of paragraphs (b), (c), (d), and (e) of this clause do not apply to openings which the contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular

opening once an employer decides to consider applicants outside of his own organization or employer-union arrangement for that opening.

(h) As used in this clause: (1) "All suitable employment openings" includes, but is not limited to, openings which occur in the following job categories: production and non-production; plant and office; laborers and mechanics; supervisory and nonsupervisory; technical; and executive, administrative, and professional openings that are compensated on a salary basis of less than \$25,000 per year. This term includes full-time employment, temporary employment of more than 3 days' duration, and part-time employment. It does not include openings which the contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement nor openings in an educational institution which are restricted to students of that institution. Under the most compelling circumstances an employment opening may not be suitable for listing, including such situations where the needs of the Government cannot reasonably be otherwise supplied, where listing would be contrary to national security, or where the requirement of listing would otherwise not be for the best interest of the Government.

(2) "Appropriate office of the State employment service system" means the local office of the Federal/State national system of the public employment offices with assigned responsibility for serving the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

(3) "Openings which the Contractor proposed to fill from within his own organization" means employment openings for which no consideration will be given to persons outside the contractor's organization (including any affiliates, subsidiaries, and the parent companies) and includes any openings which the contractor proposes to fill from regularly established "recall" lists.

(4) "Openings which the contractor proposes to fill pursuant to a customary and traditional employer-union hiring arrangement" means employment openings which the contractor proposes to fill from union halls, which is part of the customary and traditional hiring relationship which exists between the contractor and representatives of his employees.

(i) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

(j) In the event of the Contractor's noncompliance with the requirements of this clause, actions for non-compliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

(k) The contractor agrees to post in conspicuous places available to employees and applicants for employment notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notices shall state the contractor's obligations under the law to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era for employment, and the rights of applicants and employees.

(l) The contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding that the contractor is bound by terms of the Vietnam Era Veterans Readjustment Assistance Act and is committed to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era.

(m) The contractor will include the provisions of this clause in every subcontract or purchase order of \$10,000 more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to the Act, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

CLEAN AIR AND WATER (FPR 1-2 2302-2) (AUG 1975)

(Applicable only if the contract exceeds \$100,000, or the contracting officer has determined that orders under an indefinite quantity contract in any one year will exceed \$100,000, or a facility to be used has been the subject of a conviction under the Clean Air Act (42 U.S.C. 1857c-8(c)(1)) or the Federal Water Pollution Control Act (33 U.S.C. 1319(c)) and is listed by EPA, or the contract is not otherwise exempt.)

(a) The Contractor agrees as follows:

(1) To comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. 1857, et seq., as amended by Pub. L. 91-604) and section 308 of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq., as amended by Pub. L. 92-500), respectively, relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and section 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder before the award of this contract.

(2) That no portion of the work required by this prime contract will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date when this contract was awarded unless and until the EPA eliminates the name of such facility or facilities from such listing.

(3) To use his best efforts to comply with clean air standards and clean water standards at the facility in which the contract is being performed.

(4) To insert the substance of the provisions of this clause into any nonexempt subcontract, including this paragraph (a)(4).

(b) The terms used in this clause have the following meanings:

(1) The term "Air Act" means the Clean Air Act, as amended (42 U.S.C. 1857 et seq., as amended by Pub. L. 91-604).

(2) The term "Water Act" means Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq., as amended by Pub. L. 92-500)

(3) The term "clean air standards"

means any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Air Act or Executive Order 11738, an applicable implementation plan as described in section 110(d) of the Clean Air Act (42 U.S.C. 1857c-5(d)), an approved implementation procedure or plan under section 111(c) or section 111(d), respectively of the Air Act (42 U.S.C. 1857c-6(c) or (d)), or an approved implementation procedure under section 112(d) of the Air Act (42 U.S.C. 1857c-7(d)).

(4) The term "clean water standards" means any enforceable limitation, control, condition, prohibition, standard, or other requirement which is promulgated pursuant to the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

(5) The term "compliance" means compliance with clean air or water standards. Compliance shall also mean compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency or an air or water pollution control agency in accordance with the requirements of the Air Act or Water Act and regulations issued pursuant thereto.

(6) The term "facility" means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site or operations, owned, leased, or supervised by a contractor or subcontractor, to be utilized in the performance of a contract or subcontract. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collocated in one geographical area.

COST ACCOUNTING STANDARDS

(a) Unless the Cost Accounting Standards Board, or the General Services Administration in the case of non-defense contracts, has prescribed rules or regulations exempting the Contractor or this Contract from standards, rules, and regulations promulgated pursuant to 50 U.S.C. App. 2168 (P.L. 91-379, August 15, 1970), or other statutory authority, the Contractor, in connection with this Contract shall:

(1) By submission of a Disclosure Statement, disclose in writing his cost accounting practices as required by regulations of the Cost Accounting Standards Board. The required disclosures must be made prior to contract award unless the Contracting Officer provides a written notice to the Contractor authorizing postaward submission in accordance with regulations of the Cost Accounting Standards Board. The practices disclosed for this Contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contains this Cost Accounting Standards clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement will not be released outside of the Government.

(2) Follow consistently the cost accounting practices disclosed pursuant to (1), above, in accumulating and reporting contract performance cost data concerning this Contract. If any change in disclosed practices is made for purposes of any contract or subcontract subject to Cost Accounting Standards Board requirements, the change must be applied prospectively to this Contract, and the Disclosure Statement must be amended accordingly. If the contract price or cost allowance of this Contract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5), below, as appropriate.

(3) Comply with all Cost Accounting Standards in effect on the date of award of this Contract or if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any Cost Accounting Standard which hereafter becomes applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

(4)(A) Agree to an equitable adjustment (as provided in the Changes clause of this Contract, if any) if the contract cost is affected by a change which, pursuant to (3) above, the Contractor is required to make to his established cost accounting practices whether such practices are covered by a Disclosure Statement or not.

(B) Negotiate with the Contracting Officer to determine the terms and conditions under which a change to either a disclosed cost accounting practice or an established cost accounting practice, other than a change under (4)(A), above, may be made. A change to a practice may be proposed by either the Government or the Contractor, provided, however, that no agreement may be made under this provision that will increase costs paid by the United States.

(5) Agree to an adjustment of the contract price or cost allowance, as appropriate, if he or a subcontractor fails to comply with an applicable Cost Accounting Standards or to follow any practice disclosed pursuant to subparagraphs (a)(1) and (a)(2), above, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the rate determined by the Secretary of the Treasury pursuant to P.L. 92-41, 85 Stat. 97, or 7 per cent per annum whichever is less from the time the payment by the United States was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Contractor or a subcontractor has complied with an applicable Cost Accounting Standard, rule, or regulation of the Cost Accounting Standards Board and as to any cost adjustment demanded by the United States, such failure to agree shall be a dispute concerning a question of fact within the meaning of the Disputes clause of this Contract.

(c) The Contractor shall permit any authorized representatives of the head of the agency, of the Cost Accounting Standards Board, or of the Comptroller General of the United States to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.

(d) The Contractor shall include in all negotiated subcontracts which he enters into the substance of this clause except paragraph (b), and shall require such inclusion in all other subcontracts of any tier, except that this requirement shall apply only to negotiated subcontracts in excess of \$100,000 where the price negotiated is not based on:

(1) Established catalog or market prices of commercial items sold in substantial quantities to the general public or

(2) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to accept the Cost Accounting Standards clause by reason of Para. 331.30(b) of Title 4, Code of Federal Regulations (4 CFR 331.30(b)) or Para. 1-3.1203 (a)(2) of Title 41, Code of Federal Regulations (41 CFR 1-3.1203(a)(2)). However, if this is a contract with an agency which permits subcontractors to appeal final decisions of the Contracting Officer directly to the head of the agency or his duly authorized representative, then the Contractor shall include the substance of paragraph (b) as well.

NOTE: (1) Subcontractors shall be required to submit their Disclosure Statements to the Contractor. However, if a subcontractor has previously submitted his Disclosure Statement a Government Contracting Officer he may satisfy that requirement by certifying to the Contractor the date of such Statement and the address of the Contracting Officer.

(2) In any case where a subcontractor determines that the Disclosure Statement information is privileged and confidential and declines to provide it to his Contractor or higher tier subcontractor, the Contractor may authorize direct submission of that subcontractor's Disclosure Statement to the same Government offices to which the Contractor was required to make submission of his Disclosure Statement. Such authorization shall in no way relieve the Contractor of liability as provided in paragraph (a)(5) of this clause. In view of the foregoing and since the Contract may be subject to adjustment under this clause by reason of any failure to comply with rules, regulations, and standards of the Cost Accounting Standards Board in connection with covered subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. However, the inclusion of such a clause and the terms thereof are matters the Contractor and the subcontractor, provided that they do not conflict with the duties of the Contractor under its contract with the Government. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification to be submitted by his subcontractors.

(e) The terms defined in Sec. 331.20 of Part 331 of Title 4, Code of Federal Regulations (4 CFR 331.20) shall have the same meanings herein. As there defined, "negotiated subcontract" means "any subcontract except a firm fixed-price subcontract made by a Contractor or subcontractor after receiving offers from at least two firms not associated with each other or such Contractor or subcontractor, providing (1) the solicitation to all competing firms is identical, (2) price is the only consideration in selecting the subcontractor from among the competing firms solicited, and (3) the lowest offer received in compliance with the solicitation from among those solicited is accepted."

Use of Government Facilities or Personnel

(May 1978)

(a) The Contractor and any employee or consultant of the Contractor is prohibited from using U.S. Government facilities (such as office space or equipment) or U.S. Government clerical or technical personnel in the performance of the services specified in the Contract, unless the use of Government facilities or personnel is specifically authorized in the Contract, or is authorized in advance, in writing, by the contracting officer.

(b) If at any time it is determined that the Contractor, or any of its employees or consultants have used U.S. Government facilities or personnel without authorization either in the Contract itself, or in advance, in writing, by the contracting officer, then the amount payable under the Contract shall be reduced by an amount equal to the value of the U.S. Government facilities or personnel used by the Contractor, as determined by the contracting officer.

(c) If the parties fail to agree on an adjustment made pursuant to this clause, it shall be considered a "dispute," and shall be dealt with under the terms of the "Disputes" clause of the Contract.

Workmens' Compensation Insurance
(Defense Base Act)
(Dec 1977)

- (1) The Contractor before commencing performance under this contract shall provide and thereafter maintain such Workmens' Compensation Insurance or security as is required by the Defense Base Act, as amended (42 USC 1651 et seq.).
- (2) Contractor agrees to procure Defense Base Act insurance coverage requirements pursuant to a contract between AID and its insurance carrier; unless, Contractor has a DBA self insurance program approved by the Department of Labor; an approved retrospective rating plan for DBA; entered into a long term agreement for DBA coverage with an underwriter or agent prior to November 14, 1977. However, if it would be economical to cancel the long-term coverage and pay short-term rates, contractor is required to do so.
- (3) If the Contractor secures a waiver of Defense Base Act coverage for its employees who are not citizens of the United States, residents of or hired in the United States, or, AID has secured such a waiver, the contractor agrees to comply with the conditions of such waiver.
- (4) The Contractor further agrees to insert in all subcontracts hereunder to which the Defense Base Act is applicable, a clause similar to this clause, including this sentence, imposing on all such subcontractors a like requirement to provide overseas Workers' Compensation Insurance coverage and obtain Defense Base Act coverage under the AID requirements contract.

ADDITIONAL GENERAL PROVISION

PREFERENCE FOR U.S. FLAG AIR CARRIERS (Jan. 1977)

[This contract clause shall be included in (a) invitations for bids, (b) requests for proposals, and (c) contracts (including contracts resulting from unsolicited proposals) whenever international air transportation of personnel (and their personal effects) or property may be required in the performance of the contract. The requirements of this clause do not apply to small purchases made in accordance with FPR 1-3.6.]

(a) Pub. L. 93-623 requires that all Federal agencies and Government contractors and subcontractors will use U.S. flag air carriers for international air transportation of personnel (and their personal effects) or property to the extent service by such carriers is available. It further provides that the Comptroller General of the United States shall disallow any expenditure from appropriated funds for international air transportation on other than a U.S. flag air carrier in the absence of satisfactory proof of the necessity therefor.

(b) The contractor agrees to utilize U.S. flag air carriers for international air transportation of personnel (and their personal effects) or property to the extent service by such carriers is available.

(c) In the event that the contractor selects a carrier other than a U.S. flag air carrier for international air transportation, he will include a certification on vouchers involving such transportation which is essentially as follows:

CERTIFICATION OF UNAVAILABILITY
OF U.S. FLAG AIR CARRIERS

I hereby certify that transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reasons: (state reasons)*1

(d) The terms used in this clause have the following meanings:

(1) "International air transportation" means transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States.

(2) "U.S. flag air carrier" means one of a class of air carriers holding a certificate of public convenience and necessity issued by the Civil Aeronautics Board, approved by the President, authorizing operation between the United States and/or its territories and one or more foreign countries.

(3) The term "United States" includes the fifty states, Commonwealth of Puerto Rico, possessions of the United States, and the District of Columbia.

(e) The contractor shall include the substance of this clause, including this paragraph (e), in each subcontract or purchase hereunder which may involve international air transportation.

NOTE:

*1. FPR 1-1.323-3, requires that expenditures for service furnished by a noncertificated air carrier generally will be allowed only when service by a certificated air carrier or carriers is "unavailable" as indicated by the June 17, 1975, Comptroller General's memorandum (B-138942) entitled "Guidelines for Implementation of Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974". The criteria contained in the memorandum are reproduced below:

- (a) Passenger or freight service by a certificated air carrier is considered "available" even though:
- (1) Comparable or a different kind of service by a noncertificated air carrier costs less, or
 - (2) Service by a noncertificated air carrier can be paid for in excess foreign currency, or
 - (3) Service by a noncertificated air carrier is preferred by the agency or traveler needing air transportation, or
 - (4) Service by a noncertificated air carrier is more convenient for the agency or traveler needing air transportation.
- (b) Passenger service by a certificated air carrier will be considered to be "unavailable":
- (1) When the traveler, while en route has to wait 6 hours or more to transfer to a certificated air carrier to proceed to the intended destination, or
 - (2) When any flight by a certificated air carrier is interrupted by a stop anticipated to be 6 hours or more for refueling, reloading, repairs, etc., and no other flight by a certificated air carrier is available during the 6 hour period, or
 - (3) When by itself or in combination with other certificated or noncertificated air carriers (if certificated air carriers are "unavailable") it takes 12 or more hours longer from the original airport to the destination airport to accomplish the agency's mission than would service by a noncertificated air carrier or carriers.
 - (4) When the elapsed traveltime on a scheduled flight from origin to destination airports by noncertificated air carrier(s) is 3 hours or less, and service by certificated air carrier(s) would involve twice such scheduled traveltime.