

CONTRACT INFORMATION MANAGEMENT SYSTEM (CIMS)

DIRECT ACTION DATA FORM

(For awards to U.S. Individuals and Third Country Nationals (not FSNs) with a TEC less than or equal to \$25,000, only the shaded items on pages 1-5 of the form need to be completed.)

SECTION 1: GENERAL AWARD INFORMATION (All Actions)

1a. Basic Award Number 388-0C91-G-SS-0056-00	1b. Basic Mod Number	1c. Order Number	1d. Order Mod Number
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AWARD NUMBER COMPONENTS [Items 2-6] NOTE: For modifications and orders - these items refer to the Basic Award.

2. Country/Office (Award Prefix) 388	3. Project Number 0091
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4. Procurement Instrument: Report one of the following codes to identify the type of action. For a work order or a modification to a contract or work order, indicate the category of the basic contract.

<input type="checkbox"/> A - Cooperative Agreement	<input type="checkbox"/> N - Other Federal Schedule Order
<input type="checkbox"/> B - Basic Ordering Agreement (BOA)	<input type="checkbox"/> O - Purchase Order (PO)
<input type="checkbox"/> C - Contract (Other than BOA, DQC, IQC, PO, RC, PSC)	<input type="checkbox"/> P - Participating Agency Service Agreement (PASA)
<input type="checkbox"/> D - Definite Quantity Contract (DQC)	<input type="checkbox"/> Q - Requirements Contract (RC)
<input type="checkbox"/> E - Blanket Purchase Agreement (BPA)	<input type="checkbox"/> R - Resources Support Services Agreement (RSSA)
<input checked="" type="checkbox"/> G - Grant	<input type="checkbox"/> S - Personal Services Contract (PSC)
<input type="checkbox"/> I - Indefinite Quantity Contract (IQC)	<input type="checkbox"/> X - Ribbon PASA
<input type="checkbox"/> M - GSA Schedule Order	<input type="checkbox"/> Z - Ribbon Contract (Buy-In)

5. Participating Agency (PASA/RSSA only)	6. FY of Award 90
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7. Award Description
The Grantee will improve the operational effectiveness of its newly established (1988) Human Rights Investigation Cell, through the provision of additional equipment and training procured under this Grant.

8. Principal Place of Performance a. A.I.D. Country Code or Name 388	U.S. ONLY <input checked="" type="checkbox"/>	b. City	c. State	d. Zip Code
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9. Benefiting Country (A.I.D. Country Code or Name)
388

ENTERED *R*

10. Project Officer Cntry Code/Org. Symbol or A.I.D./W Org. Symbol 388/USAID/PRO	Last Name Warren	First Marlene	MI -
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11. Requirement Received by Procuring Office (MMDDYY) 08/23/90	12. Date Award Signed by A.I.D. (MMDDYY) 08/30/90	13. Effective Date of Award (MMDDYY) 08/30/90	14. Estimated Completion Date (MMDDYY) 08/29/91
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BASIC AWARDS ONLY

15a. SIC Code	15b. Is This Vendor a Small Business for the SIC of Award? <input type="checkbox"/> Yes <input type="checkbox"/> No	16. Product/Service Code
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BASIC AWARDS AND ORDERS ONLY

17. Procurement Type

<input type="checkbox"/> A - Technical Services To A.I.D.	<input type="checkbox"/> F - Participant Training
<input type="checkbox"/> B - Technical Services to Host Country	<input type="checkbox"/> G - Procurement Service Agent (PSA)
<input type="checkbox"/> C - Commodities	<input type="checkbox"/> H - Research
<input type="checkbox"/> D - Training Services to A.I.D.	<input type="checkbox"/> I - Architect and Engineering Services
<input type="checkbox"/> E - Training Services to Host Country	<input type="checkbox"/> J - Construction

18. Negotiator (Last, First, MI)	Country Code & Org. Symbol or A.I.D./W Org. Symbol	Signature
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19. Contract Officer (Last, First, MI) Walsh, Michael F.	Country Code & Org. Symbol or A.I.D./W Org. Symbol 388/USAID	Signature <i>MFW</i>
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CONTRACT INFORMATION MANAGEMENT SYSTEM (CIMS) DIRECT ACTION DATA FORM

GENERAL INSTRUCTIONS

Use this data form for reporting all contracts, DQCs, RCs, GSA and other Federal Schedule Orders, POs, PSCs and Ribbon Contracts with a total estimated cost (TEC) greater than \$25,000. Use this form to report all BOAs, BPAs, IQCs, Cooperative Agreements, Grants, PASAs, RSSAs, and Ribbon PASAs, regardless of dollar amount. Use this form to report all awards to U.S. individuals and Third Country Nationals (not FSNs), including PSCs and POs, regardless of the dollar amount. It should also be used to report any orders or modifications to all of the above awards, regardless of the dollar amount of the modification or order. Complete the appropriately labeled sections for different types of awards.

For awards to U.S. individuals and Third Country Nationals (not FSNs) with a TEC less than or equal to \$25,000, only the shaded items on pages 1-5 of the form need to be completed. If the TEC is greater than \$25,000, all of the items pertaining to awards must be completed.

When all parts of this form have been completed send one copy, along with the requirement document(s) and the award to:

CIMS Section
MS/OP/PS/SUP
Room 1472, SA-14
Agency For International Development
Washington, DC 20523-1418

For detailed instructions, consult the Contract Information Management System (CIMS) Data Form Instruction Manual.

CONFIDENTIAL

SECTION 1 - INSTRUCTIONS

1a. **Basic Award Number:** Enter the award number of the award. For a modification, report the basic award number in block 1a. and the modification number in block 1b. For actions such as IQC delivery orders, report the award number of the basic contract in block 1a. and the order number in block 1c. For a modification to an order, report the basic award number in block 1a., the order number in block 1c. and the order modification number in block 1d.

For item numbers 2 through 6, see the latest version of the Contract Information Bulletin (CIB) on the Uniform Numbering System for A.I.D.-Direct Procurement Documents, for instructions and a list of codes. A list of codes is also provided in the CIMS Data Form Instruction Manual. *NOTE: For modifications or orders these items refer to the basic award.*

2. **Country/Office (Award Prefix):** Report the Country or A.I.D./W Procurement Office Code as specified in the CIB.

3. **Project Number:** Enter the last four digits of the seven-digit project number funding the award. For awards funded by operating expense money or money other than project funds, enter "0000" (zeros).

5. **Participating Agency (PASA/RSSA only):** For PASA/RSSA type actions, report the code of the participating U.S. Government Agency providing services under the agreement. A list of codes is provided in the CIMS Data Form instruction Manual and in the CIB on Uniform Numbering Systems.

7. **Award Description:** The award description shall consist of a brief one-sentence description of the products or services being procured. The sentence shall start with the phrase "Contractor/Grantee/Recipient shall provide/assist/support..." Fill in the Award Description for all basic Awards, Orders, and modifications to PASA/RSSA awards.

8. **Principal Place of Performance (Country):** Report the A.I.D. country code, if available, or the name of the area where the work for this award will be primarily performed. For products, report the code for the country where the product is manufactured. If the place of performance cannot be determined, report the vendor's billing location.

9. **Benefiting Country:** Report the A.I.D. Country Code, if available, or the name of the country receiving technical assistance from this award.

12. **Date award signed by A.I.D.:** Enter the date on which this action (basic award, order or modification) was signed by A.I.D.

15a. **SIC Code:** Enter the Standard Industrial Classification (SIC) code that best describes the product or service acquired in this basic award. See FAR 19.102 for codes. A short list containing the codes most often used in A.I.D. is also provided in the CIMS Data Form Instruction Manual.

15b. **Small Business (Y/N)?:** Check "Yes" if the vendor is classified as "small" for the SIC of the award.

16. **Product or Service Code:** Enter the Principal Product or Service code that best describes the product or service acquired in the basic award. A short list containing the codes most often used in A.I.D. is provided in the CIMS Data Form Instruction Manual. See the FPDS Product and Service Codes Manual for a complete listing, if necessary.

17. **Procurement Type:** Check the box next to the code which best describes the category of service or commodity being procured under this award.

SECTION 2: DATA REQUIRED FOR SPECIFIC TYPES OF ACTIONS

GRANTS AND COOPERATIVE AGREEMENTS ONLY

20. Grant/Agreement Type

A - Disaster Assistance

B - American Schools and Hospitals Abroad (ASHA)

C - Other Specific Support Programs

D - Title XII Authority

E - Other than A, B, C, or D

21. Total Amount of Non-Federal Funds pledged to this Grant/Agreement

\$ 0.00

GSA & OTHER FEDERAL SCHEDULE ORDERS

22. Schedule Contract Number

23. Name of Federal Agency Awarding Schedule

IQC BASIC ONLY

24. IQC Service Area

25. Minimum

26. Maximum (life of contract)

\$

\$

ORDERS AND CONTRACTS ONLY

27. Advisory & Assistance Services?

 Yes

 No

BASIC CONTRACTS ONLY

28a. Contract Type

A - Cost-Plus (Fixed Fee)

B - Firm Fixed Price

C - Time and Materials

D - Labor Hour

E - Cost Sharing

F - Cost (No Fee)

G - Cost-Plus (Award Fee)

H - Cost-Plus (Incentive Fee)

I - Fixed-Price Incentive

J - Fixed-Price Redetermination

K - Fixed Price with Economic Price Adjustment

28b. If Cost-type Contract is this a level of effort (term) contract?

 Yes

 No

29a. Is this a Letter Contract?

 Yes

 No

29b. Is this a Definitization of a Letter Contract?

 Yes

 No

30. Preference Program

A - No Preference Program or Not Listed

B - 8(a) Program

C - Small Business (SB) Set-aside

D - Sheltered Workshop

E - Tie-bid Preference

F - Labor Surplus Area (LSA) Set-aside

G - Combined LSA/SB Set-aside

31. Subject To Labor Statute

A - Walsh-Healey Act, Manufacturer

B - Walsh-Healey Act, Regular Dealer

C - Service Contract Act

D - Davis-Bacon Act

E - Not Subject to the Above (Include PSCs)

32. Country of Manufacture/Origin of Services (A.I.D. Country Code or Name)

33. Subcontract Plan Required?

 Yes

 No

34. Date Solicitation Notice Published in CBD (MM/ID/YY)

35. Date Solicitation Issued (MM/ID/YY)

SECTION 2 - INSTRUCTIONS

20. **Grant/Agreement Type:** For Grants and Cooperative Agreements, check the box next to the code which best describes the award. Code C- "Other Specific Support Programs" refers to Chapters 4 and 6 of Handbook 13. Use Code E- "Other than A, B, C, or D," for unusual types which are not covered in codes A, B, C or D.

21. **Total Amount of Non-Federal Funds pledged to this Grant/Agreement:** Enter the total amount of matching (non-federal) funds pledged to this Grant or Cooperative Agreement.

22. **Schedule Contract No:** Enter the schedule contract number assigned by GSA or other Federal Agency which awarded the basic schedule contract. Do not use dashes in the schedule contract number.

23. **Name of Federal Agency Awarding Schedule:** Enter the name of the Federal Agency which awarded the basic schedule contract.

24. **IQC Service Area:** For IQC basic awards, enter the code which best describes the services rendered by the vendor. See listing provided in the CIMS Data Form Instruction Manual.

27. **Advisory & Assistance Services? (Y/N):** Check "Yes" if the award is for advisory and assistance services. See FAR 37.2 for definitions and examples.

28a. **Contract Type:** Check the box next to the code for the type of contract. Use code C- "Time and materials" for

IQCs. Most PSCs are usually code C or D.

28b. **If Cost-Type Contract, is this a level of effort (term) contract? (Y/N):** If this is a Cost-Type Contract, check the box to indicate whether the award is a level of effort or completion. (See FAR 16.306)

Y - Yes, Level of effort (term)

N - No, Completion

30. **Preference Program:** Check the box next to the code which best describes the preference program used in making this award. Check A if no preference program.

31. **Subject to Labor Statute:** Select the Labor Statute which applies to this award by checking the appropriate box. Most A.I.D. contracts, including PSCs, are code E.

32. **Country of Manufacture/Origin of Services (Country Code or Name):** Enter the A.I.D. country code, if available, or the name of the country where the product is manufactured. For services, report the code for the nationality of the vendor. If there are multiple sources, enter the code of the country that supplies the greatest portion.

33. **Subcontract Plan required (Y/N)?:** Check "Yes" if the vendor for this award is required to submit a plan for using small business concerns and small disadvantaged business concerns as subcontractors. (See FAR 19.702(a)).

34. **Date Solicitation Notice Published in CBD:** If applicable, enter the date that a synopsis of the solicitation appeared in the Commerce Business Daily (CBD).

BASIC CONTRACTS AND NON-COMPETITIVE CONTRACT MODIFICATIONS ONLY

36. CICA Applicability

- | | |
|---|---|
| <input type="checkbox"/> A - CICA Applicable (Include 8(a)) | <input type="checkbox"/> C - Subject to a Statute other than CICA (use for FAA) |
| <input type="checkbox"/> B - Small Purchase Procedure | <input type="checkbox"/> D - Pre-CICA |

37. Extent Competed

- | | |
|---|---|
| <input type="checkbox"/> A - Competed Action (Include Small Business set-aside) | <input type="checkbox"/> C - Follow-on to Competed Action |
| <input type="checkbox"/> B - Not Available for Competition (use for sole-source 8(a)) | <input type="checkbox"/> D - Not Completed |

38. Solicitation Procedure

- | | |
|---|--|
| <input type="checkbox"/> A - Full and Open Competition (Sealed Bid) | <input type="checkbox"/> G - Alternate Source (Reduced Cost) |
| <input type="checkbox"/> B - Full and Open Competition (Competitive Proposal) | <input type="checkbox"/> H - Alternate Source (Mobilization) |
| <input type="checkbox"/> C - Full and Open Competition (Combination) | <input type="checkbox"/> J - Alternate Source (Engineering/R&D) |
| <input type="checkbox"/> D - Architect - Engineer | <input type="checkbox"/> K - Set Aside (Include competitive 8(a)) |
| <input type="checkbox"/> E - Basic Research | <input type="checkbox"/> L - Other Than Full & Open Competition (Include sole-source 8(a), FAA.) |
| <input type="checkbox"/> F - Multiple Award Schedule | |

39. Authority — Other than Full & Open Competition (Complete Only if No. 38 = L)

- | | |
|---|--|
| <input type="checkbox"/> A - Unique Source | <input type="checkbox"/> J - Mobilization |
| <input type="checkbox"/> B - Follow-on Contract | <input type="checkbox"/> K - Essential R&D Capability |
| <input type="checkbox"/> C - Unsolicited Research Proposal | <input type="checkbox"/> L - International Agreement |
| <input type="checkbox"/> D - Patent/Data Rights | <input type="checkbox"/> M - Authorized by Statute (Inc. sole-source 8(a), FAA.) |
| <input type="checkbox"/> E - Utilities | <input type="checkbox"/> N - Authorized Resale |
| <input type="checkbox"/> F - Standardization | <input type="checkbox"/> P - National Security |
| <input type="checkbox"/> G - Only One Source - Other than A-F above | <input type="checkbox"/> Q - Public Interest |
| <input type="checkbox"/> H - Urgency | |

40. A.I.D. Special Authorities — Other than Full & Open Competition (Complete only if No.39 = M)

- | | |
|--|---|
| <input type="checkbox"/> A - Impairment of Foreign Aid Programs: All Personal Services Contracts (PSCs). (See AIDAR 706.302-70) | <input type="checkbox"/> E - Impairment of Foreign Aid Programs: Title XII Selection Procedure-Collaborative Assistance. (See AIDAR 706.302-70) |
| <input type="checkbox"/> B - Impairment of Foreign Aid Programs: Award of \$100,000 or less by an overseas contracting activity. (See AIDAR 706.302-70) | <input type="checkbox"/> F - Disaster Relief (See Handbook 8, Chapter 2) |
| <input type="checkbox"/> C - Impairment of Foreign Aid Programs: Written Determination by Assistant Administrator or Administrator. (see AIDAR 706.302-70) | <input type="checkbox"/> G - None of the Above Special Authorities |
| <input type="checkbox"/> D - Impairment of Foreign Aid Programs: Title XII Selection Procedure-General. (See AIDAR 706.302-70) | |

41. Synopsis of Procurement

- | |
|---|
| <input type="checkbox"/> A - Synopsized prior to award |
| <input type="checkbox"/> B - Not synopsized due to urgency (use only if No. 39 = H) |
| <input type="checkbox"/> C - Not synopsized for other reason |

42. No. of Offers

43. No. of Offers of Non-U.S. Item(s)

MODIFICATIONS ONLY

44. Modification purpose (Mark all that apply)

- | | |
|--|---|
| <input type="checkbox"/> Incremental Funding | <input type="checkbox"/> Exercise of Option |
| <input type="checkbox"/> Administrative Change | <input type="checkbox"/> Transfer Administrative Responsibility |
| <input type="checkbox"/> Extension of Term | <input type="checkbox"/> Novation Agreement |
| <input type="checkbox"/> New/Revised Scope of Work | <input type="checkbox"/> Termination for Convenience |
| <input type="checkbox"/> Increase in TEC | <input type="checkbox"/> Termination for Default |
| <input type="checkbox"/> Decrease in TEC | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Overhead Rate Adjustment | _____ |

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SECTION 2 - INSTRUCTIONS

For a modification which was non-competitive (i.e., which required a non-competitive justification and was outside of the scope of work of the original contract) complete Items 36 thru 43. See FAR 6.302 and 6.303.

36. CICA Applicability: Check the box next to the code which describes the applicability of CICA or other statutes to this award. Select code B - "Small Purchase Procedure" if this action is a small purchase pursuant to the procedures in FAR Part 13. Select Code C - "Subject to a Statute other than CICA" if this action is pursuant to the procurement procedures authorized under the Foreign Assistance Act (FAA) for Impairment of Foreign Aid Programs, Title XII Selection Procedures, or Disaster Relief. Select code A - "CICA Applicable" for all other procurement actions resulting from a solicitation issued on or after April 1, 1985 and codes B or C do not apply. 8(a) awards are coded as A. Non-competitive modifications are coded as A. Select code D - "Pre-CICA" for new procurements resulting from a solicitation issued prior to April 1, 1985.

37. Extent Competed: Check the box next to the code which describes the extent to which this award was competed. Select code A - "Competed Action" for Small Business set-asides and competitive 8(a) awards. Competed actions also include procurements authorized under the Foreign Assistance Act (FAA) for Impairment of Foreign Aid Programs, Title XII Selection Procedures, or Disaster Relief, where more than one offer was received. Select Code B - "Not Available for Competition" for sole-source 8(a) awards. Select Code B for procurements authorized under the Foreign Assistance Act (FAA), where only one offer was received.

38. Solicitation Procedure: Check the box next to the code which describes the method by which this award was competed. (See FAR Part 6.) Select Code K - "Set-Aside" for small business set-asides and competitive 8(a) awards. Code L - "Other Than Full & Open Competition" includes sole-source 8(a) awards and procurements authorized under the Foreign Assistance Act (FAA) for Impairment of

Foreign Aid Programs, Title XII Selection Procedures, or Disaster Relief.

39. Authority - Other Than Full & Open Competition: Complete only if Item No. 38 is equal to "L". For awards exercising other than full and open competition, check the box next to the code which describes the authority by which the award was not fully competed. (See FAR Part 6.) Code M - "Authorized by Statute" includes sole-source 8(a) awards and procurements authorized under the Foreign Assistance Act (FAA) for Impairment of Foreign Aid Programs, Title XII Selection Procedures, or Disaster Relief.

40. A.I.D. Special Authorities - Other Than Full & Open Competition: Complete only if Item No. 39 is equal to "M". For those awards authorized by the Foreign Assistance Act (FAA) for other than full and open competition, check the box next to the code which describes the authority. Select Code G - "None of the Above Special Authorities" for sole-source 8(a) awards.

41. Synopsis of Procurement: Check the box next to the appropriate code based on the Commerce Business Daily synopsis requirements of FAR 5.2. Code B - "Not synopsisized due to urgency" may be used only if item 39 is equal to "H".

43. No. of Offers of Non-U.S. Item(s): Enter the number of bidders offering non-U.S. foreign end items worth 51% or more of the contract value. If the contract is exclusively for services, enter "0".

44. Modification Purpose (Mark all that apply): If this action is a Modification to a Basic Award or a Modification to an Order, check all of the Modification Purposes that apply to this action. If the purpose is other than those listed on the form, check "Other" and provide a brief description.

SECTION 3: VENDOR INFORMATION (All Actions)

45. Prime Vendor: (Full Name and Address) Bangladesh Society for the Enforcement of Human Rights 97, Purana Paltan Line Dhaka-1000, Bangladesh	46. DUNS or CEC Number 47. Taxpayer ID No. (TIN)
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BASIC AWARDS AND NOVATIONS ONLY

48. Economic Sector

<input checked="" type="checkbox"/> A - Private	<input type="checkbox"/> C - Federal Government
<input type="checkbox"/> B - International Public Sector	<input type="checkbox"/> D - State/Local Government

49. Business Organization Type

<input type="checkbox"/> A - Corporation	<input checked="" type="checkbox"/> H - Voluntary Organization
<input type="checkbox"/> B - Individual	<input type="checkbox"/> I - Foundation
<input type="checkbox"/> C - University or College	<input type="checkbox"/> J - Hospital
<input type="checkbox"/> D - Historically Black College or University	<input type="checkbox"/> K - Partnership
<input type="checkbox"/> E - Educational Organization other than University or College	<input type="checkbox"/> L - Proprietorship
<input type="checkbox"/> F - International Center	<input type="checkbox"/> M - Sheltered Workshop
<input type="checkbox"/> G - Research Organization other than International Center	<input type="checkbox"/> Z - Other

50. For Profit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	51. U.S. Nationality? (If U.S. Nationality, then answer Items 52-53) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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52. Ownership Type (Complete only if Item No. 51 = Yes) <input type="checkbox"/> A - Asian-Indian American <input type="checkbox"/> B - Asian-Pacific American <input type="checkbox"/> C - Black American <input type="checkbox"/> D - Hispanic American <input type="checkbox"/> E - Native American <input type="checkbox"/> F - Other Minority <input type="checkbox"/> Z - Non-Minority	53. Woman/Woman-Owned? (Complete only if Item No. 51 = Yes) <input type="checkbox"/> Yes <input type="checkbox"/> No
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54. If the Vendor is an Individual who is not a U.S. Citizen, is he/she a Green Card holder?
 Yes No

55. If U.S. University, Host Country Counterpart Institution:

56a. Common Parent Organization (tax purposes) <input type="checkbox"/> Yes <input type="checkbox"/> No	56c. DUNS or CEC Number
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56b. Parent Vendor (Full Name)	56d. Taxpayer ID No. (TIN)
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57a. Joint Venture?
 Yes No

57b. Participant Vendor (Full Name)	57c. DUNS or CEC No.	57d. Taxpayer ID No. (TIN)

SECTION 3 - INSTRUCTIONS

45. **Prime Vendor:** Record the vendor's full name and address in the space provided. For U.S. Universities include participating School/Center/Institute. For PASA/RSSAs include participating Agency and Department. For individuals, record the name as last, first and middle initial.
46. **DUNS or CEC No.:** Enter the 9-digit Dun & Bradstreet number or Contractor Establishment Code for the vendor of this action.
47. **Taxpayer ID No. (TIN):** Enter the 9-digit Taxpayer Identification Number used by the IRS for the vendor of this action. (Note: for individuals, the TIN is the individual's Social Security Number.) Foreign vendors which do not do business in the U.S. do not have a TIN. See FAR 4.9.
48. **Economic Sector:** Check the box next to the code which best applies to the sector in which the vendor of this action participates.
49. **Business Organization Type:** Check the box next to the code which best describes the vendor of this action.
50. **For Profit (Y/N)?:** Check "Yes" if the vendor is a profit organization. Check "No" if the vendor is a non-profit organization. (Even if a non-profit organization charges a fee, it is still considered to be non-profit).
51. **U.S. Nationality (Y/N)?:** Check "Yes" if the vendor is a U.S. citizen; is a corporation or partnership organized under the laws of the U.S.; is a U.S.- controlled foreign corporation (per 957 et seq. of the U.S. Internal Revenue Service Code); or is a joint venture consisting entirely of individuals, corporations, or partnerships falling into one of the three foregoing categories.
52. **Ownership Type:** Complete only if Item No. 51 is equal to "Yes". If the vendor is a firm or individual of U.S. Nationality, check the box next to the code which best describes the ownership type of the vendor of this action.
53. **Woman/Woman-Owned (Y/N)?:** Complete only if Item No. 51 is equal to "Yes". If the vendor is a firm or individual of U.S. Nationality, indicate whether or not the vendor is a woman or woman-owned. A woman-owned business is a business that is at least 51% owned, controlled, and operated by women who are U.S. citizens.
54. **If the Vendor is an Individual who is not a U.S. Citizen, is he/she a Green Card holder? (Y/N):** Answer "Yes" if the individual has a green card, even if they are not currently residing in the U.S.
55. **Host Country Counterpart Institution:** If the vendor is a U.S. University, enter the name of the host-country institution receiving technical assistance.
- 56a. **Common Parent Organization (Tax Purposes):** Answer "Yes" if the firm is a member of an affiliated group of corporations that files Federal Income Tax returns on a consolidated basis. If "Yes", complete Items 56b. - 56d. related to the parent firm.
- 56c. **Common Parent DUNS or CEC No.:** Enter the 9-digit Dun & Bradstreet number or Contractor Establishment Code for the common parent (tax filing) organization.
- 56d. **Common Parent Taxpayer ID Number (TIN):** Enter the 9-digit Taxpayer Identification Number used by the IRS for the common parent organization. See FAR 4.9.
- 57a. **Joint Venture?:** Answer "Yes" if the awardee is a joint venture. If "yes", complete Items 57b, 57c and 57d for each participant in the joint venture.
- 57c. **Participant DUNS or CEC No.:** Enter the 9-digit Dun & Bradstreet number or Contractor Establishment Code for each joint venture participant.
- 57d. **Participant Taxpayer ID Number (TIN):** Enter the 9-digit Taxpayer Identification Number used by the IRS for each joint venture participant.

SECTION 4: FINANCIAL INFORMATION (All Actions)

58. Total Estimated Cost (TEC)

a. Previous TEC

\$0.00

b. (Increase/Decrease) This Action

\$46,150.00

c. Current TEC

\$46,150.00

OBLIGATION DATA

59.

a. Budget Plan Code

b. Project Number

c. Amount Obligated/Deobligated
(This Action)

d. Funds Type*

QDSA-90-27388-KG-13

388-0091

\$ 46,150.00

USL

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

e. TOTAL 

\$46,150.00

*** Funds Type Codes**

USD: U.S. Dollars

USL: U.S. Owned Local Currency

60. Paying Office: Identify the Office responsible for paying vendor invoices.

For Mission Payments, enter: Controller
USAID/ (country) USAID/Bangladesh

For A.I.D./W Payments, check either:

PFM/FM/A/OE PFM/FM/CMPD/DCB

61a. Incrementally Funded?

YES NO

61b. If Incrementally Funded;
Date Funded through: (MMDDYY)

SECTION 4 - INSTRUCTIONS

NOTE: All financial information must be in U.S. dollars or U.S. dollar equivalents. All local currency amounts must be converted to the U.S. dollar equivalent. "U.S. dollar equivalent" is the dollar value of the local currency at the time of the action signature.

58a. Previous Total Estimated Cost (TEC): Enter the total estimated cost to be incurred during the expected life of this award, as of the previous action.

58b. Total Estimated Cost (TEC): (Increase/Decrease) This Action: Enter the amount of change in the total estimated cost as a result of this action. Use a minus sign to indicate a decrease. If there is no change, enter "0".

58c. Current Total Estimated Cost (TEC): Enter the current total estimated cost to be incurred during the expected life of this award.

59a. Budget Plan Code (BPC): Enter each Budget Plan Code associated with this action.

59b. Project Number: Enter the Project Number associated with each BPC.

59c. Amount Obligated/Deobligated (This Action): Enter the obligation amount associated with each BPC. Use a minus sign to indicate a deobligation.

59d. Funds Type: Enter the Funds Type Code associated with each BPC. "USD" = U.S. Dollars. "USL" = U.S. Owned Local Currency.

59e. TOTAL Obligation/Deobligation: Enter the sum of all BPC amounts found in item 59.c. Use a minus sign to indicate a deobligation.

61a. Incrementally Funded (Y/N)?: An award which is not fully funded but will be funded in increments. The award states the amount presently available for payment by the government and allotted to the award, and the period of performance it is estimated the allotted amount will cover.

Attachment Three

**THE BANGLADESH SOCIETY FOR THE
ENFORCEMENT OF HUMAN RIGHTS**

**Proposal to
USAID
Democratic Pluralism Initiative
Small Grants Program**

May, 1990

1. Name and address of Organization: Bangladesh Society for the Enforcement of Human Rights
97, Purana Paltan Line
Dhaka 1000, Bangladesh
phones: 417654, 232133
2. Project Principals:
 1. Najmul Huda, Barrister at Law
Secretary General
 2. Muhammad Abdul Matin
Executive Director
3. Project Title: Assistance to Human Rights
Investigation Team
4. Background Information:

The Bangladesh Society for the Enforcement of Human Rights (BSEHR), more popularly and widely known in Bangladesh as "Bangladesh Manobadhikar Bastobayon Sangstha," was created in 1979 with the objective of protecting human rights as embodied in the Universal Declaration of Human Rights. With that end in view, BSEHR attempts to establish and perpetuate the rule of law in Bangladesh by ensuring the enforcement of fundamental human rights as guaranteed by the Constitution of the People's Republic of Bangladesh. BSEHR recognized the existence of laws protecting human rights in the constitution and the statutes of Bangladesh but at the same time was convinced that due to lack of proper enforcement they were often rendered meaningless. Human rights were being violated with impunity and in most cases the perpetrators were at large. BSEHR felt the necessity of pressing for the enforcement of these laws.

To start with, BSEHR identified people's ignorance about their rights as the root cause for such lack of enforcement. Where there was no lack of knowledge there was often either the lack of means or lack of courage which impeded their enforcement. BSEHR was formally established in 1979 in order to develop people's awareness about the existence of their rights and to provide the means for them to protect their rights in the event of their

violation. Toward that end, BSEHR provides legal consultation, representation and education to all citizens of Bangladesh who seek its assistance.

BSEHR is a voluntary, non-profit-making organization registered under the Voluntary Social Welfare Agencies (Registration and Control) ordinance of 1961. It is also registered under the Foreign Donations (Voluntary Activities) Registration Rules of 1978.

BSEHR started working in 1979 in a conservative way in and around Dhaka City. With increasing demand for legal aid from outside Dhaka, BSEHR subsequently spread its activities throughout Bangladesh. To protect human rights and redress their violation, BSEHR decided to respond to demands from different parts of Bangladesh and thus established branch offices all over the country at the district and subdistrict (upazila) levels. BSEHR has so far established 315 branch offices throughout Bangladesh.

These branches are organized by the people of the respective areas including in their membership social workers, lawyers, journalists, doctors, teachers and other professionals. All of its branch offices provide legal consultation, representation and education free of cost. All branches operate on a voluntary basis with no paid staff.

5. Background and Objectives of the Human Rights Investigation Team:

The major objective of the human rights Investigation Team is to investigate issues relating to human rights violations with a view to creating favourable public opinion and thereby preventing their recurrence. BSEHR also suggests remedies to the concerned authorities for immediate redressal of those human rights abuses.

Although originally BSEHR worked primarily as a legal aid organization, the Society has recently (since mid-1988) established its own machinery to investigate violations of human rights, namely, its Investigation Team. Although the Society has, since its inception, received thousands of requests for legal aid services, it felt that human rights abuses would continue to grow unless a "voice" was lent to the grievances that were streaming through their doors. The Investigation Team is thus the "voice" of the organization which investigates and publicizes human rights abuses throughout the country.

The purpose of a fact-finding mission is to clarify disputed information arising out of violations of human rights so as to enable BSEHR to view the dispute clearly and to assist the investigating agencies of the government to reach correct conclusions and/or to enable the findings to be produced as evidence in a trial before a judicial authority.

At the national level, BSEHR set up a Human Rights Commission of Inquiry (HRCI) with the President of BSEHR, former Chief Justice of Bangladesh, Mr. Kemaluddin Hossain, as its Chairman. Members of the Commission include, among others, former Secretary to the Government and former Director General, Bureau of Anti-Corruption, Mr. Borhannudin Ahmed, and former Secretary to the Government and former Inspector General of Police, Mr. M.A. Kaleque. The purpose of the Commission is to make itself available at the national level to make impartial inquiries on national issues and to give the people correct information about the issue at hand. It is the policy of BSEHR to make the Commission available to the government to assist it in arriving at correct findings and decisions on national issues on the basis of impartial, neutral, uninterfered and

independent studies carried out by the Commission.

In 1988 the need was felt to establish an investigation unit that would look into local issues as well. The newly formed Investigation Team of BSEHR and its Director of Investigation have been working under the supervision of the Inquiry Commission to delve deeply into cases of human rights violations at the local level. Since its establishment, the Investigation Team has carried out nearly forty major investigations concerning cases of gross human rights violations. A few of the more notable investigations carried out by the team are the police torture case of Narayangonj brothel, the case of Shelly of Jhenaida, the pair murder of Gaibandha, the police torture case of Panchagarh, the case of the loss of munitions of the Bangladesh Rifles (BDR) in Sylhet, the incident of the fake peer of Manikgonj, the Simulia incident, the killing by police at Jessore, etc. (See Appendix A for these investigation reports.)

After gross violations of human rights, in many cases the government and the authorities concerned do not form an investigation team to look into the matter. As a result, these incidents are generally covered up within a few days time. In some cases, the government forms an investigation team due to public pressure or owing to wide coverage of the case in the press, but the investigation reports are never published. In addition, the members of these investigation teams cannot or do not play a neutral role. For instance, when someone dies in police custody, an investigation team is formed by the police authority itself to investigate that very killing, the report of which is either not released, or if it is released, is not neutral. This explains the need for BSEHR's Investigation Team. The BSEHR Investigation Team carries out investigation activities

and publishes reports of its investigations through the press. Reports are also given to the concerned authorities.

BSEHR's investigation activities play a vital role in implementing and preserving human rights in the country. Not only do they assist in solving disputes, but public awareness is also enhanced through the publication of their findings. This makes people conscious about their human rights; it also makes violators take caution. The Investigation Team thus also acts as a deterrent as violators know that they will not go unchallenged.

Sometimes complainants are, themselves, the violators of human rights; the Investigation team has the capacity to uncover this kind of hoax. In some instances, the crime is carried out by influential or powerful persons like politicians, government ministers, etc. In these cases the people do not dare to speak out against them, but the Investigation Team reveals the truth through courageous investigation.

In conducting investigation activities the Director of Investigation is assisted by a panel of investigators comprised of people from all walks of life, such as lawyers, journalists, social workers, ex-army officers and police officers, doctors and intellectuals. The members of the panel are not paid but they receive travel and daily allowances during their fact-finding missions.

In Third World countries like Bangladesh where people are generally ignorant of their human rights, BSEHR's Investigation Team is playing a prime role in the restoration, implementation and preservation of human rights throughout the country.

6. Emerging Needs and Proposed New Activities for Effective Investigation:

In conducting the above activities the new Investigation Team has been faced with various handicaps which have not only slowed down and limited their activities but also rendered "voicing" of human rights violations inadequate and in some cases ineffective. Adding new services and relevant inputs to the investigation program has become imperative. Some of the new supports and services needed in response to increasing demand from the public are mentioned below:

Budget Item (5):

When a violation of rights take place it is very important that the Investigation Team be able to rush to the place of occurrence without any loss of time. Communications and transportation systems in Bangladesh are not satisfactory. In order to reach a remote place one might have to travel variously by train, bus, boat and rickshaw and it may take a long time to arrive. In addition no one knows when there might be a breakdown of these transports because of bad weather, general strikes, etc. Not reaching a place of occurrence at the proper time means either losing the evidence completely or receiving evidence which has been changed or manipulated. To cite an example, when police brutality took place in a village in the farthest part of northern Bangladesh in late 1989 and a large number of villagers were beaten up, women raped and people arrested indiscriminately, the case was reported in the press. BSEHR also came to know about the incident through its branch office when the local people sent an appeal for its investigation. But owing to a road transport strike and suspension of train services, the Investigation Team could not reach the scene of the incident. If the team had transport of its own it could

rush to the spot immediately and collect first-hand information and evidence that could be used in a court of law. The Investigation Team also experienced instances where it either reached the scene late or failed to reach it at all. Therefore, the need for transport is very essentially felt by the Investigation Team.

Budget Items (6), (7) and (8):

Need for visual presentation of acts of violation of rights and the circumstances and evidence thereto, are paramount for establishing and fighting a case. Mere presentation of a report of violations in writing and circulating it through printing loses much of its weight unless it is supported by visual evidence. For example, it happened in early 1990 that in a village named Shimulia in Kishoregonj district the police had an encounter with a reported "antisocial group" where casualties took place on both sides. The police, enraged, leashed out acts of violence and torture on the whole village community. Even the neighboring villages were not spared. Houses were set on fire and burnt to ashes, belongings of people were thrown away or looted, women were humiliated. on hearing of the incident the BSEHR Investigation Team rushed to the village immediately. They observed the situation, held extensive interviews with the persons affected by the incident and other key persons. But they could not record the scores of violence and destruction for optical presentation since they do not have a video camera, still camera, or V.C.R. equipment. Though the team reported the incident to different relevant quarters and to the public media it could not support the facts with photographic evidence. The interviews and discussion with the villagers particularly the conscious ones and those belonging to the power structure could not even be recorded. Sometimes pictures are needed to be taken from a distance with

sophisticated cameras with zoom lenses since police or other powerful elements prohibit taking of pictures of evidence from close range.

Therefore, the need for a video camera with V.C.R. set, a t.v. set, a sophisticated still camera with zoom lens and a heavy range micro-cassette recorder is very acutely felt, the want of which makes investigation inadequate and sometimes ineffective. Provision of these equipments would help document and preserve many incidents which could be used in court or for creating public awareness and public opinion. In Bangladesh, such evidence is accepted by the courts.

Budget Items (9) and (10):

Documentation and presentation of information, facts and investigation reports not only gives permanence to the efforts and activities but also helps as ready reference in cases handled by the Investigation Commission. Duplication and circulation of facts and news become easier when these are properly documented and preserved. At present BSEHR has only one manual typewriter. Hence, there is a need for having a computer with related facilities in order to better document and more easily circulate this information. In addition, a photo copy machine will help facilitate the investigation process and method to a great extent.

Budget Item (11):

Role of Volunteers: At present the Director of Investigation along with one or two members of BSEHR's staff are vested with the entire responsibility of conducting investigations throughout the country. With violations of justice all over, it is hardly possible for them to respond

To the enormous need. Use of volunteers as investigators in different parts of the country seems to be not only appropriate but rational and economical as well. As mentioned earlier, BSEHR has about 300 branches all over the country and all the members attached to these branches work voluntarily. A good many of them can be motivated to conduct investigations by themselves in their respective areas. What they are lacking and needing is proper training about the "why, what and how" of investigation of cases as this kind of work requires skill and professionalism. Hence the project proposes to train at least 100 volunteers for this purpose from selected branch offices.

7. On the basis of above requirements and need the following budget is submitted:

Budget for "Assistance to Human Rights Investigation Cell"

Salary:

1. Director - Investigation @ Tk.10,000 x 12 months U.S. \$294 x 12 months	Tk. 1,20,000	\$ 3,528
2. Assistant to Director - Investigation @ Tk.4,000 x 12 months U.S. \$118 x 12 months	48,000	1,416
3. Secretary to Director - Investigation @ Tk.2,500 x 12 months U.S. \$ 74 x 12 months	30,000	888
4. Accountant (Part time) @ Tk.1,000 x 12 months U.S. \$ 29 x 12 months	12,000	348

Requirements:

5. One Vehicle (Micro Bus) with Registration	Tk. 4,00,000	\$ 11,765
6. Video Camera with V.C.R. & T.V.	98,000	2,882

7. Still Camera (SLR) with filter and zoom lenses	19,000	559
8. Heavy Range Micro Cassette recorder with FM Microphone	6,000	176
9. One Computer with hard disk, monitor, and laser printer	3,25,000	9,559
10. One Photostat Machine	1,15,000	3,382
11. <u>Training of 100 Volunteers from selected Branch (6 days with one day off)</u>	2,60,000	
i) Trainee's fees (4 Sessions with 25 person in a year)		
Daily Allowance - @Tk.150 x 100 person x 6 days	Tk. 90,000	\$ 2,647
Travel Allowance @ Tk.400 x 100 person	40,000	1,176
ii) Trainer's fees @ Tk.400 x 10 Trainers x 4 Sessions	16,000	470
iii) Paper, Stationery, Exam. materials, Documentation printing, etc.	25,000	735
iv) Postage, Telegram, etc.	5,000	147
v) Miscellaneous cost	20,000	588
12. <u>T.A., D.A. and Other necessities:</u> For 25 Investigation Trips (Fact-finding within one year) @ Tk.8,000 x 25 Investigations	Tk. 2,00,000	\$ 5,882
	<hr/>	<hr/>
	Tk.15,69,000	\$ 46,150 (rounded)

8. Bank Account No. of BSEHR: C/D Account No. 071719407 in the name of "BANGLADESH SOCIETY FOR THE ENFORCEMENT OF HUMAN RIGHTS" at AMERICAN EXPRESS BANK LTD., 18-20, Motijheel C/A, Dhaka, Bangladesh.

9. Period Covered by the Grant: The period is proposed for 12 months (one year) after receiving funds.

10. Reporting of Grant:

The proposal for a 12-month period.
After this period BSEHR will write
a substantive as well as financial
report which will be sent to USAID.

Therese M. ...
Executive at Law.
Secretary General.
BSEHR.

AID 1350 1 (387) *PIO/T	AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1 Cooperating Country Bangladesh	Page 1 of 3 Pages
		2 PIO/T No. 388-0091-3-00057	3 <input checked="" type="checkbox"/> Original or Amendment No _____
		4. Project/Activity No. and Title 388-0091 Human Rights Support	

DISTRIBUTION Project No. 388-0091-00 8/22/90 QDSA-90-27388-14E13 \$46,150.00 72-1101021 091001	5. Appropriation Symbol 72-1101021		6. Budget Plan Code QDSA-90-27388-KG-13		
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document		8. Project Assistance Completion Date (Mo., Day, Yr.) 8/31/91		
	9. Authorized Agent USAID/Bangladesh		10. This PIO/T is in full conformance with PRO/AG No Date N/A		
	11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input checked="" type="checkbox"/> AID Grant or Cooperative Agreement (HB 13) <input type="checkbox"/> PASA/RSSA (HB 12) <input type="checkbox"/> Other		11b. Contract/Grant/Cooperative Agreement/ PASA/RSSA Reference Number (if this is an Amendment) N/A		
	12. Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No B)				
Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
	B. U.S.-Owned Local Currency		46,150		46,150
13. Mission References STATE 202385 STATE 266454					
14A. Instructions to Authorized Agent Grants officer is authorized to grant \$46,150 for a 12 month period to the Bangladesh Society for the Enforcement of Human Rights (BSEHR) in accordance with the attached program description.					
14B. Address of Voucher Paying Office CONTROLLER'S OFFICE, USAID/DHAKA, BANGLADESH					

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.			
A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate.	Phone No.	B. The statement of work or program description lies within the purview of the initiating office and approved agency programs	Date
	MWarren, PRO(A) <i>MWarren</i>		
C. MWalsh, CO <i>mw</i>	Date 8/22/90	D. Funds for the services requested are available	Date
E. PRamsey, RLA <i>PRamsey</i>	Date 8/21/90	Jenkins, CONT <i>Jenkins</i>	Date 8/23/90
16. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to		17. For the Agency for International Development	
Signature <u>N/A</u> Date _____		Signature <i>Frank J. Young</i> Date 8/23/90	
Title _____		Title Deputy Director (A)	

*See HB 3, Sup. A, App. C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

Statement of work or program description for this project is described in Attachment No. A

19. Special Provisions

- A. Language Requirements (specify) None
(If marked, testing must be accomplished by AID to assure desired level of proficiency.)
- B. Access to classified information will will not be required by technical specialists. (Indicate level) _____
- C. Duty post(s) and duration of technical specialist(s) services at post(s) (months) None
- D. Dependents will will not be permitted to accompany technical specialist(s).
- E. Geographic code applicable to procurement under this PIO/T is 000 899 935 941 Other (specify) Bangladesh
(If other than authorized in HB 1, Sup B, Chap 5, Para 5A1d, attach waiver(s).)
- F. Salary approval(s) to exceed FS-1 salary ceiling are attached in process N/A.
- G. Cooperating country acceptance of this project (applicable to AID/W projects only)
 has been obtained is in process is not applicable to services required by PIO/T.
- H. Justification for use of external resources for consulting services is attached N/A.
- I. Clearance for procurement of ADP equipment, software, and services is attached in process N/A.
- J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work is
 attached in process N/A.
- K. Participant training is is not being funded as part of this PIO/T.
- L. Requirement (contracts only) is recommended for small business set-aside SBA 8(a) Program neither.
- M. Other (specify). Financial Review (Attachment C)
Registration (Attachment D)

20. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")

	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER	N/A
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY		
(1) Office Space					X	
(2) Office Equipment					X	
(3) Housing and Utilities						X
(4) Furniture						X
(5) Household Appliances (Stoves, Refrig., etc.)						X
(6) Transportation in Cooperating Country						X
(7) Transportation To and From Country						X
(8) Interpreter Services/Secretarial						X
(9) Medical Facilities (Health Room)						X
(10) Vehicles (official)						X
(11) Travel Arrangements/Tickets						X
(12) Nightwatchman for Living Quarters						
(13)						
(14)						
(15)						

(OTHER SPECIFY)

Provisions for Logistic Support (Continued) B None

B. Additional Facilities Available From Other Sources

Diplomatic pouch

N/A

PX

Commissary

Other (specify, e.g., duty free, entry, tax exemption)

C. Comments

21. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities BSEHR will report to M, Warren, USAID/Bangladesh

B. Cooperating Country Liaison Officials NGO Bureau, Association of Development Agencies in Bangladesh

C. AID Liaison Officials M. Warren, USAID/Bangladesh

22. Background information (additional information useful to authorized agent)

None

23. Summary of attachments that accompany the PIO/T (check applicable boxes)

A. Detailed budget estimate in support of increased funding (Block 12) Attachment B

B. Evaluation criteria for competitive procurement (Block 14A)

C. Justification for procurement by other than full and open competition or noncompetitive assistance

D. Statement of work or program description (Block 18) Attachment A

E. Waiver(s) justification(s), clearance(s), certification(s) (Block 19) (specify number _____) Attachment C, D

PROGRAM DESCRIPTION

The Human Rights Support Project (388-0091) is a newly-established project under which USAID/Bangladesh intends to provide \$46,150 in a grant to the Bangladesh Society for the Enforcement of Human Rights (BSEHR).

The grant will be for a period of 12 months. The funds will be used to improve the operational effectiveness of its newly-established (1988) Human Rights Investigation Cell, through the provision of additional equipment and training.

BSEHR was established in 1979 as a non-profit organization to monitor the enforcement of the laws of Bangladesh that protect the civil rights of Bangladeshi citizens. As part of that objective, BSEHR supports efforts to protect those rights, pursues through legal and judicial channels their perceived violations, and seeks to keep individual citizens informed about their rights and their options for redressing grievances.

The Human Rights Investigation Cell has the responsibility of investigating any specific complaint regarding civil/human rights violations which individuals or groups would like BSEHR to pursue. The work of the Cell enables BSEHR to address the violations through legal and judicial channels. The work of the Cell also builds an evidential base of confirmed case studies of civil rights violations, and allows BSEHR to address relevant issues (such as the need for alteration of legal codes) at regional or national levels.

Under this project, BSEHR will upgrade the operational effectiveness of the Investigation Cell through the following activities.

- (a) The provision of greater salary support for the Cell's current Director, Assistant Director, Secretary, and Accountant. Currently, these functions are being provided on an ad hoc basis by qualified professionals who receive either no or minimal remuneration for their services.
- (b) The provision of a vehicle, video camera, VCR, TV, still camera, cassette recorder, computer, and photocopier. The equipment will be used principally to allow for investigating specific incidents and recording any supportive evidence.
- (c) The provision of training for 100 volunteer investigators, to improve investigative and analytical skills in assessing reported incidents.
- (d) The provision of funds to cover travel expenses associated with the investigation field trips, such as communications, transport costs of plaintiffs, etc.

The contributions of the volunteer investigative staff constitute well over the 25% contribution (of the grant) required of grantee organizations receiving AID funds.

Reporting requirements. BSEHR will submit three quarterly reports within four, eight, and twelve, months of the signing of the grant. The quarterly reports will provide information on the current status of project activities and accomplishments of the preceding quarter. The final report will also discuss the extent to which accomplishments were contributing to improving the Cell's operations and impact.

If the Cell can demonstrate improved utility and service to the aims of BSEHR, additional multi-year support will be requested under other ongoing institutional support which BSEHR receives from donors. The intent is to maintain some degree of support for the Cell until it becomes a more established and effective investigative arm of BSEHR.

Additional background information and illustrative budget are contained in Attachment B. The required financial review is Attachment C. The required USAID registration is Attachment D.

0143Rhuman Rights

ILLUSTRATIVE BUDGET

Attachment B

Salary:

1. Director - Investigation @ Tk. 10,000 x 12 months U.S. \$294 x 12 months	\$ 3,528
2. Assistant to Director - Investigation @ Tk. 4,000 x 12 months U.S. \$118 x 12 months	1,416
3. Secretary to Director - Investigation @ Tk. 2,500 x 12 months U.S. \$ 74 x 12 months	888
4. Accountant (Part time) @ Tk. 1,000 x 12 months U.S. \$ 29 x 12 months	348

Requirements:

5. One Vehicle (Micro Bus) with Registration	\$ 11,765
6. Video Camera with V.C.R. & I.V.	2,882
7. Still Camera (SLR) with filter and zoom lenses	559
8. Heavy Tance Micro Cassette recorder with FM Microphone	176
9. One Computer with hard disk, monitor, and laser printer	9,559
10. One Photostat Machine	3,382
11. Training of 100 Volunteers from selected Branch (6 days with one day off)	
i) Trainee's fees (4 Sessions with 25 person in a year)	
Daily Allowance - @ Tk. 150 x 100 persons x 6 days	\$ 2,517
Travel Allowance @ Tk. 100 x 100 person	1,176
ii) Trainer's fees @ Tk. 100 x 10 Trainers x 4 Sessions	470
iii) Paper, Stationery, Exam. materials, Documentation printing, etc.	735
iv) Postage, Telegram, etc.	147
v) Miscellaneous cost	500
12. T.A., D.A. and Other necessities: for 25 Investigation Trips (Fact-finding within one year) @ Tk. 2,000 x 25 Investigations	\$ 5,000

46,150
(rounded)

BA

CONFIDENTIAL DOCUMENT

28

AID/W

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
Dhaka, Bangladesh

August 30, 1990

Mr. Najmul Huda
Secretary General
Bangladesh Society for the
Enforcement of Human Rights
97, Purana Paltan Line
Dhaka - 1000, Bangladesh

Subject: Grant No. 388-0091-G-SS-0056-00
Human Rights Support Project

Dear Barrister Huda,

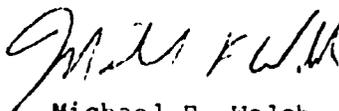
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Bangladesh Society for the Enforcement of Human Rights (hereinafter referred to as "BSEHR" or "Grantee"), the sum of Taka 1,638,726 (Bangladeshi Taka One million, six hundred thirty-eight thousand, seven hundred twenty-six, Not To Exceed US\$46,150) to provide support for the improvement of operational effectiveness of its newly-established Human Rights Investigation Cell, as described in the Schedule and the Program Description of this cooperative agreement.

This Grant is effective and obligation is made as of August 30, 1990 and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending August 29, 1991.

This Grant is made to the Bangladesh Society for the Enforcement of Human Rights, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule", Attachment 2, entitled "Program Description," Attachment 3, the proposal and Attachment 4 entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and two (2) copies of this letter to acknowledge your receipt of the Grant, and return the original and one (1) copy to this Office.

Sincerely,

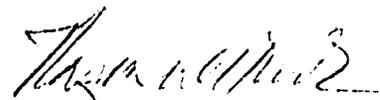


Michael F. Walsh
Grants Officer
USAID/Dhaka

Attachments:

1. Schedule
2. Program Description
3. Proposal
4. Standard Provisions
5. Cost Principles

ACKNOWLEDGED:

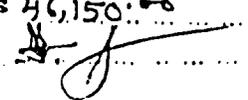
BY: 

TITLE: 

DATE:

FISCAL DATA

PIO/T No. : 388-0091-3-00057
Appropriation : 72-1101021
Budget Plan Code : QDSA-90-27388-KG-13
Project No. : 388-0091 - Human Rights Support
Total Estimated Amount: Tk. 1,638,726 (NTE US\$46,150)
Total Obligated Amount: Tk. 1,638,726 (NTE US\$46,150)
Paying Office: Office of the Controller
USAID/Dhaka
G.P.O. Box 2593
Ramna, Dhaka-2
Grant Administration: Program Office
USAID/Dhaka

FUNDS AVAILABLE
No. R-27-90
Project No. 388-0091
72-1101021
QDSA-90-27388-KG13
\$ 46,150.00


ATTACHMENT 4

STANDARD PROVISIONS
FOR
NON-U.S. GRANTEES

00.0 TERMS

When these Standard Provisions are used for cooperative agreements, the following terms apply: "Grantee" means "Recipient" "Grant" means "Cooperative Agreement," and "AID Grant Officer" means "AID Agreement Officer."

1.0 ALLOWABLE COSTS (MAY 1986)

(a) The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant and the applicable* cost principles in effect on the date of this grant, which are attached.

(1) Reasonable. Shall mean those costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business.

(2) Allocable Costs. Shall mean those costs which are necessary to the grant.

(3) Allowable Costs. Shall mean those costs which must conform to any limitations set forth in this grant.

(4) Unallowable costs, direct or indirect, include but are not limited to the following examples: Advertising, bad debts, contingencies, entertainment, fines and penalties, interest, fund raising, investment management costs, losses on other awards, taxes, first class air fare unless specifically approved. Additionally, public information service costs are unallowable as indirect costs.

(b) Prior to incurring a questionable or unique cost, the grantee should obtain the grant officer's written determination as to whether the cost will be allowable.

*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 AID Acquisition Regulation 731.2.

2.0 ACCOUNTING, AUDIT, AND RECORDS (MAY 1986)

(a) The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. Accounting records that are supported by documentation will as a minimum accumulate and record all costs incurred under a grant and disclose the amount of that portion of the cost of the project supplied by other sources. The grantee records and subgrantee records which pertain to this grant shall be retained for a period of three years from the date of expiration of this grant and may be audited by AID and/or its representatives.

(b) The grantee agrees to have the funds provided under the grant audited by an independent auditor during the course of the grantee's normal annual audit of the grantee's organization. Copies of the grantee's audit reports will be provided to AID. AID will review the audit reports to determine the adequacy of audit coverage. If AID determines that the audit coverage is not sufficient to verify the source and application of grant funds or that the audit does not meet the requirements of an independent audit, a second audit will be performed by AID.

(c) The following language shall be inserted in all subgrants valued in excess of \$10,000.

(1) The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. These records shall be maintained for three years after final payment. These records may be audited by the grantor's representatives.

(2) The grantee agrees to have the funds provided under this grant audited by an independent auditor during the course of the grantee's normal annual audit of the grantee's organization. Copies of the grantee's audit reports will be provided to the grantor. If the audit coverage is not sufficient to verify the source and application of grant funds or the audit does not meet the requirements of an independent audit, a second audit will be requested of the grantee and that audit shall meet the requirements of the grantor.

3.0 REFUNDS (MAY 1986)

(a) The grantee shall remit to AID all interest earned on funds provided by AID.

(b) Funds obligated by AID but not disbursed to the grantee at the time the grant expires or is terminated shall revert to AID, except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant. Any funds advanced to but not expended by the grantee at the time of expiration or termination of the grant shall be refunded to AID except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant.

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

4.0 REVISION OF GRANT BUDGET (MAY 1986)

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

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

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

(2) Additional funding is needed.

(3) The grantee expects the amount of AID authorized funds to exceed its needs by more than \$5,000 or five percent of the AID award, whichever is greater.

(4) The grantee plans to transfer funds budgeted for indirect costs to absorb increases in direct costs or vice versa.

(5) The grantee intends to contract or subgrant any of the work under this grant, and such contracts or subgrants were not included in the approved grant budget.

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

5.0 TERMINATION AND SUSPENSION (MAY 1986)

(a) For Cause. This grant may be terminated for cause at any time, in whole or in part, by the grant officer upon written notice to the grantee, whenever it is determined that the grantee has failed to comply with the conditions of the grant.

(b) For Convenience. This grant may be terminated for convenience at any time by either party, in whole or in part, if both parties agree that the continuation of the grant would not produce beneficial results commensurate with the further expenditure of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the grant officer to the grantee.

(c) Suspension: Termination for Changed Circumstances. If at any time AID determines that continuation of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States or that it would be in violation of an applicable law, then AID may, following notice to the grantee, suspend this grant and prohibit the grantee from incurring additional obligations chargeable to this grant other than necessary and proper costs in accordance with the terms of this grant during the period of suspension. If the situation causing the suspension continues for 60 days or more, then AID may terminate this grant on written notice to the grantee and cancel that portion of this grant which has not been disbursed or irrevocably committed to third parties.

(d) Termination Procedures. Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the grantee shall take immediate action to minimize all expenditures and obligations financed by this grant and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination. The grantee shall within 30 calendar days after the effective date of such termination repay to the Government all unexpended AID funds which are not otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by the Government to the grantee prior to the effective date of the termination of this grant be insufficient to cover the grantee's obligations in the legally binding transaction, the grantee may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations. The grant officer shall determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the applicable cost principles.

6.0 DISPUTES (NOVEMBER 1985)

(a) Any dispute under this grant shall be decided by the AID grant officer. The grant officer shall furnish the grantee a written copy of the decision.

(b) Decisions of the AID grant officer shall be final unless, within 30 days of receipt of the decision of the grant officer, the grantee appeals the decision to the Administrator of AID. Any appeal made under this provision shall be in writing and addressed to the Administrator, Agency for International Development, Washington, D.C. 20523. A copy of the appeal shall be concurrently furnished to the grant officer.

(c) In connection with any appeal proceeding under this provision, the grantee shall be given an opportunity to be heard and to offer evidence in support of its appeal.

(d) A decision under this provision by the Administrator or an authorized representative shall be final unless overruled by a court of competent jurisdiction.

7.0 INELIGIBLE COUNTRIES (MAY 1986)

Unless otherwise approved by the AID grant 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.

8.0 U.S OFFICIALS NOT TO BENEFIT (NOVEMBER 1985)

No member of or delegate to the U.S. Congress or resident U.S. Commissioner shall be admitted to any share or part of this grant or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this grant if made with a corporation for its general benefit.

9.0 NONLIABILITY (NOVEMBER 1985)

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

10.0 AMENDMENT (NOVEMBER 1985)

The grant may be amended by formal modifications to the basic grant document or by means of an exchange of letters between the grant officer and an appropriate official of the grantee.

11.0 NOTICES (NOVEMBER 1985)

Any notice given by AID or the grantee shall be sufficient only if in writing and delivered in person, mailed, or cabled as follows:

To the AID grant officer, at the address specified in the grant.

To grantee, at grantee's address shown in the grant or to such other address designated within the grant.

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

(END OF MANDATORY STANDARD PROVISIONS)

00.0 REQUIRED AS APPLICABLE STANDARD PROVISIONS FOR NON-U.S.,
 NONGOVERNMENTAL GRANTEES

B. The following standard provisions are required to be used when applicable. Applicability statements are contained in the parenthetical statement preceding the standard provision. When a standard provision is determined to be applicable in accordance with the applicability statement, the use of such standard provision is mandatory unless a deviation has been approved in accordance with Paragraph 1E of Chapter 1 of this Handbook. Each grant is required to have a payment provision. Check off the provisions which are to be included in the grant. Only those standard provisions which have been checked off are included within the grant.

- | | |
|---|-----------|
| 1. Payment - Periodic Advance | <u>X</u> |
| 2. Payment - Cost Reimbursement | <u> </u> |
| 3. Air Travel and Transportation | <u>X</u> |
| 4. Ocean Shipment of Goods | <u>X</u> |
| 5. Procurement of Goods and Services..... | <u>X</u> |
| 6. AID Eligibility Rules for Goods and Services ... | <u>X</u> |
| 7. Subagreements | <u>X</u> |
| 8. Local Cost Financing | <u>X</u> |
| 9. Patents Rights | <u> </u> |
| 10. Publications | <u>X</u> |
| 11. Nondiscrimination | <u>X</u> |
| 12. Regulations Governing Employees | <u>X</u> |
| 13. Participant Training | <u> </u> |
| 14. Voluntary Population Planning | <u>X</u> |
| 15. Protection of the Individual as a Research Subject | <u> </u> |
| 16. Negotiated Overhead Rates - Provisional | <u> </u> |
| 17. Government Furnished Excess Personal Property .. | <u> </u> |
| 18. Title To and Use of Property (Grantee Title) ... | <u>X</u> |
| 19. Title To and Care of Property
(U.S. Government Title) | <u> </u> |
| 20. Title To and Care of Property
(Cooperating Country Title)..... | <u> </u> |
| 21. Cost Sharing (Matching) | <u>X</u> |

01.0 PAYMENT - PERIODIC ADVANCE (NOVEMBER 1985)

(a) AID funds shall not be commingled with other grantee owned or controlled funds. The grantee shall deposit all AID cash advances in a separate bank account and shall make all disbursements for goods and services from this account.

(b) Each quarter, after the initial cash advance, the grantee shall submit to the AID Controller, identified in the schedule, voucher SF 1034 (original) and SF 1034-A (three copies), entitled "Public Voucher for Purchases and Services Other Than Personal", copies of which are attached.

(c) Each voucher shall be identified by the appropriate grant number and shall be accompanied by an original and three copies of a report in the following format:

FEDERAL CASH ADVANCE STATUS REPORT
(Report Control No. W-245)

A. Period covered by this report:

FROM (Month, day, year)
TO (Month, day, year)
Period covered by the next report
FROM (Month, day, year)
TO (Month, day, year)

B. Cash Advance Use and Needs:

1. Cash advance on hand at the beginning of this reporting period \$
2. U.S. Treasury check advance(s) received during this reporting period..... \$
3. Interest earned on cash advance during this reporting period..... \$
4. GROSS cash advance available during this reporting period (Lines 1, 2, & 3)..... \$
5. LESS, interest remitted to AID during this reporting period \$
6. NET cash advance available during this reporting period (Line 4 minus Line 5)..... \$

7. Total disbursements during this reporting period, including subadvances (see footnote 1)..... \$

8. Amount of cash advances available at the end of this reporting period (Line 6 minus Line 7) \$

9. Projected disbursements, including subadvances, for the next reporting period (see footnote 2)..... \$

10. Additional cash advance requested for the next reporting period (Line 9 minus Line 8)..... \$

11. Total interest earned on cash advance from the start of the grant to the end of this reporting period, but not remitted to AID \$

12. Total cash advances to subgrantees, if any, as of the end of this reporting period..... \$

FOOTNOTES:

1. The grantee shall submit a cumulative detailed report of disbursements by BUDGET line item quarterly.

2. The grantee shall attach a Summary, by BUDGET line item, of its projected disbursements for the next reporting period.

C. Certification:

The undersigned hereby certifies: (1) that the amount in paragraph B.9 above represents the best estimate of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the grant will be made in the event of disallowance in accordance with the terms of the grant, (3) that appropriate refund or credit to the grant will be made in the event funds are not expended, and (4) that any interest accrued on the funds made available herein will be refunded to AID.

BY

DATE

TITLE

(END OF STANDARD PROVISION)

03.0 AIR TRAVEL AND TRANSPORTATION (MAY 1986)

(a) The grantee is required to present to the project officer for written approval an itinerary for each planned international trip financed by this grant, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, but in no event less than three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the grantee shall notify the cognizant mission, with a copy to the project officer, of planned travel, identifying the travelers and the dates and times of arrival.

(b) Travel to certain countries shall, at AID's option, be funded from U.S.-owned local currency. When AID intends to exercise this option, AID will, after receipt of advice of intent to travel required above, either issue a SF 1169, Government Transportation Request (GTR), which the grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

(c) All air travel and shipments under this grant are required to be made on U.S. flag air carriers to the extent service by such carriers is available. A U.S. flag air carrier is defined as an air carrier which has a certificate of public convenience and necessity issued by the U.S. Civil Aeronautics Board authorizing operations between the U.S. and/or its territories and one or more foreign countries.

(d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel and transportation on non-free world air carriers are not reimbursable under this grant.

(e) U.S. flag air carrier service is considered available even though:

(1) Comparable or a different kind of service can be provided at less cost by a foreign air carrier;

(2) Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or

(3) Service by a foreign air carrier can be paid for in excess foreign currency, unless U.S. flag air carriers decline to accept excess or near excess foreign currencies for transportation payable only out of such monies.

(f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the U.S. being performed by a foreign air carrier:

(1) U.S. flag air carrier service available at point of origin should be used to destination or in the absence of direct or through service to the farthest interchange point on a usually traveled route;

(2) Where an origin or interchange point is not served by U.S. flag air carrier, foreign air carrier service should be used only to the nearest interchange point on a usually traveled route to connect with U.S. flag air carrier service; or

(3) Where a U.S. flag air carrier involuntarily reroutes the traveler via a foreign air carrier the foreign air carrier may be used notwithstanding the availability of alternative U.S. flag air carrier service.

(g) For travel between a gateway airport in the United States (the last U.S. airport from which the traveler's flight departs or the first U.S. airport at which the traveler's flight arrives) and a gateway airport abroad (that airport from which the traveler last embarks enroute to the U.S. or at which the traveler first debarks incident to travel from the U.S.) passenger service by U.S. flag air carrier will not be considered available:

(1) Where the gateway airport abroad is the traveler's origin or destination airport, and the use of U.S. flag air carrier service would extend the time in a travel status, including delay at origin and accelerated arrival at destination, by at least 24 hours more than travel by foreign air carrier:

(2) Where the gateway airport abroad is an interchange point, and the use of U.S. flag air carrier service would require the traveler to wait six hours or more to make connections at that point, or delayed departure from or accelerated arrival at the gateway airport in the U.S. would extend the time in a travel status by at least six hours more than travel by foreign air carrier.

(h) For travel between two points outside the U.S. the rules in paragraphs (d) through (f) of this section will be applicable, but passenger service by U.S. flag air carrier will not be considered to be reasonably available:

(1) If travel by foreign air carrier would eliminate two or more aircraft changes enroute;

(2) Where one of the two points abroad is the gateway airport (as defined in paragraph (g) of this section) enroute to or from the U.S., if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including accelerated arrival at the overseas destination or delayed departure from the overseas origin as well as delay at the gateway airport or other interchange point abroad; or

(3) Where the travel is not part of a trip to or from the U.S.; if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including delay at origin, delay enroute and accelerated arrival at destination.

(i) When travel under either paragraph (g) or (h) of this section involves three hours or less between origin and destination by a foreign air carrier, U.S. flag air carrier service will not be considered available when it involves twice such travel time or more.

(j) Nothing in the above guidelines shall preclude and no penalty shall attend the use of a foreign air carrier which provides transportation under an air transport agreement between the United States and a foreign government, the terms of which are consistent with the international aviation policy goals set forth at 49 U.S.C. 1502(b) and provide reciprocal rights and benefits.

(k) Where U.S. Government funds are used to reimburse the grantee's use of other than U.S. air flag carriers for international transportation, the grantee 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 the transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reason(s): (State appropriate reason(s) as set forth above)."

(1) International Travel

(1) As used herein, the term "international travel" includes travel to all countries other than travel within the home country of the grantee.

(2) The grantee will be reimbursed for travel and the reasonable cost of subsistence, post differentials and other allowances paid to employees in an international travel status in accordance with the grantee's established policies and practices which are uniformly applied to federally financed and other activities of the grantee. The standard for determining the reasonableness of reimbursement for overseas allowance is 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 grant officer.

(m) This provision will be included in all subagreements and contracts which require air travel and transportation under this grant.

(END OF STANDARD PROVISION)

04.0 OCEAN SHIPMENT OF GOODS (MAY 1986)

(a) At least 50% of the gross tonnage of all goods purchased under this grant and transported to the cooperating countries shall be made on privately owned U.S. flag commercial ocean vessels, to the extent such vessels are available at fair and reasonable rates for such vessels.

(b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the cooperating countries on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial ocean vessels to the extent such vessels are available at fair and reasonable rates for such vessels.

(c) When U.S. flag vessels are not available, or their use would result in a significant delay, the grantee may request a determination of non-availability from the AID Transportation Support Division, Office of Procurement, Washington, D.C. 20523, giving the basis for the request which will relieve the grantee of the requirement to use U.S. flag vessels for the amount of tonnage included in the determination. Shipments made on non-free world ocean vessels are not reimburseable under this grant.

(d) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows:

"I hereby certify that a copy of each ocean bill of lading concerned has been submitted to the U.S. Department of Transportation, Maritime Administration, Division of National Cargo, 400 7th Street, S.W., Washington, D.C. 20590, and that such bills of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement."

(END OF STANDARD PROVISION)

05.0 PROCUREMENT OF GOODS AND SERVICES (MAY 1986)

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

(a) General Requirements:

(1) The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using AID funds. Conflict of interest situations involving employees, officers or agents or their immediate families shall be avoided. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

(2) All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or 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, or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the offeror whose offer is responsive/responsible to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the offeror must 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 grantees shall establish procurement procedures that provide for, at a minimum, the following procedural requirements:

(i) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary items.

(ii) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition.

(iii) Positive efforts shall be made by the recipients to utilize U.S. small business and minority owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing AID funds. The grantee shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization, AID, Washington, D.C. 20523, at least 45 days prior (except where a shorter time is requested of and granted by the Office of Small and Disadvantaged Business Utilization) to placing any order or contract in excess of \$25,000:

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

(B) Closing date for receiving quotations or proposals; and

(C) Address where solicitations and specifications can be obtained.

(iv) The type of procuring instruments used, e.g. fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts, shall be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. In those instances where a cost type contract authorizes a fee, a fixed amount will be used in lieu of a percentage of cost.

(v) Contracts shall be made only to responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed contract. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Contracts shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. AID will provide the grantee with a copy of this list upon request.

(vi) All proposed sole source contracts or where only one proposal is received in which the aggregate expenditure is expected to exceed \$10,000 shall be subject to prior approval by an appropriate official within the grantee's organization.

(vii) Some form of price or cost analysis should be made 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.

(viii) Procurement records and files for purchases in excess of \$10,000 shall include the following:

(A) Basis for contractor selection;

(B) Justification for lack of competition when competitive offers are not obtained;

(C) Basis for award: cost or price.

(ix) 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 followup of all purchases.

(b) Each contract and subcontract shall contain in addition to provisions to define a sound and complete contract, the following contract provisions as well as any provision within this grant which requires such inclusion of that provision. Whenever a provision is required to be inserted in a contract under this grant, the grantee shall insert a statement in the contract that in all instances where AID is mentioned the grantee's name shall be substituted.

(1) Contracts in excess of \$10,000 shall contain contractual provisions or conditions that will allow for administrative, contractual or legal remedies in instances in which contractors violate or breach 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 over \$10,000 awarded by recipients shall include a provision to the effect that the recipient, AID or 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, recipients 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 Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions 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.

(END OF STANDARD PROVISION)

06.0 AID ELIGIBILITY RULES FOR GOODS AND SERVICES (MAY 1986)

(a) Ineligible and Restricted Goods and Services: If AID determines that the grantee has procured any of the restricted or ineligible goods and services specified below, or has procured goods and services from unauthorized sources, and has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement.

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

- (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 grant shall not be used to procure any goods or services furnished by any firm or individual whose name appears on AID's Consolidated List of Debarred, Suspended or Ineligible Awardees (AID Regulation 8 (22 CFR 208)). AID will provide the grantee with this list upon request.

(3) Restricted Goods. The grantee shall not procure any of the following goods and services without the prior written authorization of the grant officer:

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

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(b) **Source, Origin, and Nationality:** The eligibility rules for goods and services are based on source, origin, and nationality and are divided into the two categories. One applies when the total procurement during the life of the grant is over \$250,000 and the other applies when the total procurement element during the life of the grant is not over \$250,000. The total procurement element includes procurement of all goods (e.g. equipment, materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the grant officer. AID policies on source, origin, and nationality are contained in Chapters 4 and 5 of AID Handbook 1, Supplement B, (Procurement Policies).

(1) When the total procurement element during the life of this grant is valued at \$250,000 or less, the following rules apply:

(i) All goods and services, the costs of which are to be reimbursed under this grant and which will be financed with U.S. dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (A) The United States (AID Geographic code 000),
- (B) The Cooperating Country,
- (C) Selected Free World countries (AID Geographic Code 941),
- (D) Special Free World countries (AID Geographic Code 935).

(ii) **Application of Order of Preference:** When the grantee procures goods and services from other than U.S. sources, under the order of preference in paragraph (b)(1)(ii) above, the grantee 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 grantee'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) Impelling 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 grant.

(2) When the total procurement element exceeds \$250,000, the following rule applies: Except as may be specifically approved or directed in advance by the grant officer, all goods and services, which will be reimbursed under this grant and financed with U.S. dollars, shall be procured in and shipped from the U.S. (Code 000) and from any other countries within the authorized geographic code as specified in the schedule of this grant.

(c) Marine Insurance: The eligibility of marine insurance is determined by the country in which it is placed. Insurance is placed in a country if payment of the insurance premium is made to and the insurance policy is issued by an insurance company located in that country. Eligible countries for placement are governed by the authorized geographic code, except that if Code 941 is authorized, the Cooperating Country is also eligible. Section 604(d) of the Foreign Assistance Act requires that if a recipient country discriminates by statute, decree, rule, or practice with respect to AID-financed procurement against any marine insurance company authorized to do business in the U.S., then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the U.S. with a company or companies authorized to do marine insurance business in the U.S.

(d) Ocean and air transportation shall be in accordance with the applicable provisions contained within this grant.

(e) 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 AID 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 (AID Geographic code 000),
- (2) The Cooperating Country,
- (3) Selected Free World countries (AID Geographic Code 941),
- (4) Free World countries (AID Geographic Code 899).

(f) Special Restrictions on the Procurement of Construction or Engineering Services: Section 604(g) of the Foreign Assistance Act provides that AID funds may not be used for "procurement of construction or engineering services from advanced developing countries, eligible under Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services." In order to insure eligibility of a Code 941 contractor for construction or engineering services, the grantee shall obtain the grant officer's prior approval for any such contract.

(END OF STANDARD PROVISION)

07.0 SUBAGREEMENTS (MAY 1986)

(a) Awards shall be made only with responsible recipients who possess the potential ability to perform successfully under the terms and conditions of a proposed agreement. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Awards shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. AID will provide the grantee with a copy of this list upon request.

(b) All subagreements shall as a minimum contain in addition to provisions to define a sound and complete agreement, the following provisions as well as any that are specifically required by any other provision in this grant. Whenever a provision within this grant is required to be inserted in a subagreement, the grantee shall insert a statement in the subagreement that in all instances where AID is mentioned, the grantee's name will be substituted.

(1) Subagreements in excess of \$10,000 shall contain provisions or conditions that will allow for administrative or legal remedies in instances where subrecipients violate subagreement terms and provide for such remedial action as may be appropriate.

(2) All subagreements 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 subagreements shall describe conditions under which the subagreement may be terminated for default as well as conditions where the subagreement may be terminated because of circumstances beyond the control of the subrecipient.

(3) All subagreements over \$10,000 issued by recipients shall include a provision to the effect that the recipient, AID, or their duly authorized representatives, shall have access to any books, documents, papers and records of the subrecipient which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(4) Subagreements, 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 subagreements in the field of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the subagreement are subject to the regulations contained in the provisions of this grant. The subrecipient shall be advised as to the source of additional information regarding these matters.

(END OF STANDARD PROVISION)

08.0 LOCAL COST FINANCING (MAY 1986)

(a) Costs qualifying as local costs are eligible for financing under the grant in accordance with the terms of this standard provision. Local costs are defined as (1) indigenous goods, (2) imported shelf items, and (3) services provided by suppliers meeting the requirements contained in subparagraph (b). Indigenous goods are those that have been mined, grown or produced in the cooperating country through manufacture, processing or assembly. In the case of produced goods containing imported components, to qualify as indigenous a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. Imported items are eligible for financing under the following situations: (1) Imported items available in the cooperating country which otherwise meet the source/origin requirements of the grant agreement may be financed in unlimited quantities, regardless of dollar value, up to the total amount available for local procurement under the terms of the grant agreement. (2) Imported items from Geographic Code 941 countries which are available in the cooperating country can be funded in unlimited quantities, regardless of dollar value, up to the total amount available for local procurement under the terms of the grant agreement. (3) Imported items from any Free World country which are available locally, or imported specifically for the grant, may be financed if the cost of the transaction, excluding the cost of the transportation, does not exceed the local currency equivalent of \$5,000.

(b) To qualify as local costs, goods and services must also meet the following additional requirements:

- (1) They must be paid for in local currency.
- (2) The supplier must be located in the cooperating country and must be of cooperating country nationality as defined in AID Handbook 1B, Chapter 5.
- (3) Any component from a country not included in AID geographic code 935 renders a commodity ineligible for financing.

(c) Ineligible Goods and Services: Under no circumstances shall the grantee procure any of the following under this grant:

- (1) Military equipment,
- (2) Surveillance equipment,
- (3) Commodities and services for support of police or other law enforcement activities,
- (4) Abortion equipment and services,
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

(d) Ineligible Suppliers: Funds provided under this grant shall not be used to procure any goods or services furnished by any firm or individual whose name appears on AID's Consolidated List of Debarred, Suspended, or Ineligible Awardees (AID Regulation 8, (22 CFR 208)). AID will provide the grantee with this list upon request.

(e) Restricted Goods: The grantee shall not procure any of the following goods and services without the prior written authorization of the grant officer:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals,
- (4) Pesticides,
- (5) Rubber compounding chemicals and plasticizers,
- (6) Used equipment,
- (7) U.S. Government-owned excess property, or
- (8) Fertilizer.

(f) If AID determines that the grantee has procured any of the restricted or ineligible goods and services specified in subparagraphs (c) through (e) above, or has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement.

(END OF STANDARD PROVISION)

011.0 NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS (MAY 1986)

No U.S. citizen or legal resident shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this grant on the basis of race, color, national origin, age, handicap, or sex.

(END OF STANDARD PROVISION)

012.0 REGULATIONS GOVERNING EMPLOYEES (MAY 1986)

(a) The grantee's employees shall maintain private status and may not rely on local U.S. Government offices or facilities for support while under this grant.

(b) The sale of personal property or automobiles by grantee employees and their dependents in the foreign country to which they are assigned shall be subject to the same limitations and prohibitions which apply to direct-hire AID personnel employed by the Mission except as this may conflict with host government regulations.

(c) Other than work to be performed under this grant for which an employee is assigned by the grantee, no employee of the grantee shall engage directly or indirectly, either in the individual's own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which the individual is assigned, nor shall the individual make loans or investments to or in any business, profession or occupation in the foreign countries to which the individual is assigned.

(d) The grantee's employees, while in a foreign country, are expected to show respect for its conventions, customs, and institutions, to abide by its applicable laws and regulations, and not to interfere in its internal political affairs.

(e) In the event the conduct of any grantee employee is not in accordance with the preceding paragraphs, the grantee's chief of party shall consult with the AID Mission Director and the employee involved and shall recommend to the grantee a course of action with regard to such employee.

(f) The parties recognize the rights of the U.S. Ambassador to direct the removal from a country of any U.S. citizen or the discharge from this grant of any third country national when, in the discretion of the Ambassador, the interests of the United States so require.

(g) If it is determined, under either (e) or (f) above, that the services of such employee shall be terminated, the grantee shall use its best efforts to cause the return of such employee to the United States, or point of origin, as appropriate.

(END OF STANDARD PROVISION)

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013.0 PARTICIPANT TRAINING (MAY 1986)

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

(b) **Application of Handbook 10:** Participant training under this grant is to be conducted according to the policies established in AID Handbook 10, Participant Training, except to the extent that specific exceptions to Handbook 10 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 10 may be obtained by submitting a request to the grant officer.) Except for paragraph (h) on orientation, the following paragraphs in this standard provision are not subject to waiver except as specifically stated.

(c) **Participant Training Information System:** All grantees shall ensure that participants trained in the United States or in a third country are included in the Agency's Participant Training Information System. The grantee shall fill out form AID 1381-4 entitled "Participant Data" and send it to the addresses indicated on the back of the form. The grantee can obtain a supply of these forms and additional instructions for completing them from the grant officer. Data should be submitted prior to the initiation of participant travel. If this is not possible, the forms should be prepared and submitted immediately after arrival of the participant(s). The grantee shall also submit to the grant officer a blue copy of the form when subsequent changes in the participant's training program are made and at termination of the participant's training program, ensuring that the original participant number (pre-printed on the form) is used.

(d) **Visa Requirements For Training Within The United States:**

(1) AID-sponsored participants are admitted to the United States under the Department of State/USIA Exchange Visitor Program and are issued J-1 visas. The program identification number is G-2-0263.

(2) J-1 visas are issued by the U.S. Embassy or Consulate for AID-sponsored participants upon submission by the participant of Form IAP-66A which may be obtained only from the AID Mission. The Mission retains one copy of the IAP-66A and forwards one copy to AID/S&T/IT.

(3) Holders of J-1 visas are subject to the Immigration and Nationality Act, as amended, and may not apply for an immigrant or an H or L nonimmigrant visa until 2 years' residency is completed in their home country, after completion of training.

(4) Participant passports and visas should normally be valid for six months beyond the duration of the proposed program to allow for program readjustments if necessary. This may not be regarded as an opportunity to encourage program extensions.

(e) Maintenance and Other Allowances: Grantees must observe the maintenance and other allowances for AID-sponsored participants in the United States and third countries as set forth in Handbook 10. No exceptions or variations are permissible except with the advance concurrence of the Office of International Training.

(f) Health and Accident Coverage (HAC) Program For Training Within The United States: The grantee shall enroll all participants training in the U.S. in AID's HAC Program. HAC Program coverage for an enrolled participant begins at the moment of departure from the host country to the U.S. until the moment of return to the host country providing, however, that there is not substantial unapproved delay between completion of training under this grant and their return, and that there is no layover at any point to or from the U.S. except the minimal amount necessary for plane connections.

(1) The HAC Program enables the participant, or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Claims Office which pays all reasonable and necessary medical charges for covered services not otherwise covered by other insurance programs (see paragraph 6 below), in accordance with the standard coverage established by AID under the HAC Program.

(2) The grantee shall, as early as possible and no later than the initiation of travel to the United States by each participant financed by AID under this grant, fill out AID Form 1381-4 entitled "Participant Data Form" and mail it to the grant officer, who shall transmit it to the addressees indicated on the back of the form. The grantee can obtain a supply of these forms and instructions for completing them from the grant officer.

(3) Enrollment fees shall be submitted, thirty days prior to the beginning of each new enrollment period. The current enrollment fee amount shall be obtained from the grant officer. Payments will be made via check made payable to AID and submitted to:

Agency for International Development
Office of Financial Development
Central Accounting Division-Cashier (FM/CAD)
Washington, D.C. 20523

(i) The enrollment fee shall be accompanied by a letter which lists the names of the enrollees (identical to that on the Participant Data Form) period of coverage, fee amount paid, grant number, and the U.S. Government appropriation number as shown on the grant cover letter.

(ii) The enrollment fees shall be calculated on the basis of fixed rates per participant per each 30 day period. The enrollment fees may not be prorated for fractional periods of less than 30 days and should cover the current training period for which funds are obligated under the grant.

(4) The grantee shall assure that enrollment begins immediately upon the participant's departure for the U.S. for the purpose of participating in a training program financed or sponsored by AID, and that enrollment continues in full force and effect until the participant returns to his or her country of origin or is released from AID's responsibility, whichever occurs first.

(5) The grantee shall provide each participant with a copy of the HAC brochure, copies of which are available from the grant officer.

(6) If the grantee has a mandatory, nonwaivable health and accident insurance program for participants, the costs of such insurance will be allowable under this grant. Any claims eligible under such insurance will not be payable under AID's HAC plan or under this grant. However, even though the participant is covered by the grantee's mandatory, nonwaivable health and accident insurance program, the participant must be enrolled in AID's HAC Program. In addition, a copy of the mandatory insurance policy must be forwarded to the grant officer, who will forward it to the HAC Claims Office.

(7) Medical costs not covered by the grantee's health service program or mandatory, nonwaivable health and accident insurance program, or AID's HAC Program shall not be reimbursable under this grant unless specific written approval from the grant officer has been obtained.

(g) Participant Counseling For Training Within The U.S.: Problems involving participants such as serious physical or emotional illness, accident or injury, arrest, death, the voluntary or involuntary early termination of a program, and the refusal of a participant to return to the home country upon completion of the program should be referred to the AID Participant Counselor at the Office of International Training. The Counselor can be reached by calling the Office of International Training during workdays and the AID Duty Officer (202-647-1517) at other times. In referring cases, give the Counselor the name, country, and current location of the

participant as well as a brief description of the problem with names and telephone numbers of hospitals, physicians, attorneys, etc. Following verbal referral, the participant's name, home address, and next of kin, and location of training should be sent to the grant officer, who will transmit the information to the S&T/IT Counselor.

(h) Orientation: In addition to the above mandatory requirements for all participants, grantees are strongly encouraged to provide, in collaboration with the Mission training officer, predeparture orientation (see Chapter 13 of Handbook 10) and orientation in Washington at the Washington International Center (see Chapter 18D of Handbook 10). 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 grant officer, who will transmit the request to NCIV through S&T/IT.

(END OF STANDARD PROVISION)

018.0 TITLE TO AND USE OF PROPERTY (GRANTEE TITLE) (MAY 1986)

(a) Title to all property financed under this grant shall vest in the grantee.

(b) The grantee agrees to use and maintain the property for the purposes of the grant.

(c) With respect to property having an acquired value of \$1,000 or more, the grantee agrees to report such items to the grant officer as they are acquired and to maintain a control system which will permit their ready identification and location.

(d) Within thirty calendar days after the end of the grant, the grantee will provide a list to the grant officer of each item that has an appraised value of \$1,000 or more with a detailed proposal of what the grantee intends to do with that property. If the grant officer does not respond within 120 calendar days, the grantee may proceed with the disposition of the property. However, if the grantee uses the property for purposes other than those of the grant or sells or leases the property, AID shall be reimbursed for its share of the property unless the grant officer authorizes AID's share of the income from selling or leasing the property to be used as program income. This share is based upon the percentage of AID's contribution to the grantee's program. If AID paid 100% of the grantee's costs, then AID would receive 100% of the selling cost less a nominal selling fee of \$100.

(END OF STANDARD PROVISION)

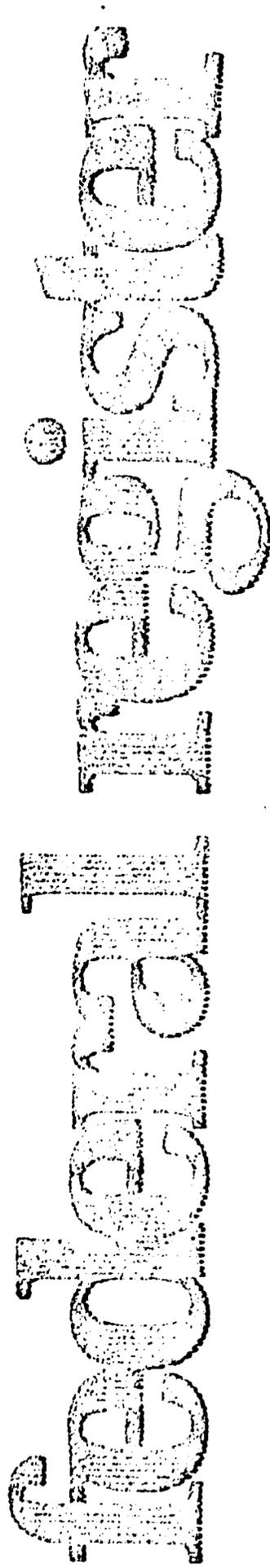
Tuesday
July 8, 1980

Note: This reprint incorporates
corrections published at 46 FR 17185,
Tuesday, March 17, 1981.

Part III

Office of
Management and
Budget

Circular A-122, "Cost Principles for
Nonprofit Organizations"



OFFICE OF MANAGEMENT AND BUDGET

Circular A-122 "Cost Principles for Nonprofit Organizations"

(Note: This reprint incorporates corrections published at 45 FR 1785 Tuesday, March 17, 1980.)

A Division, Office of Management and Budget

Adoptive Final Policy

SUMMARY: This notice advises of a new OMB Circular dealing with principles for determining costs of grants, contracts, and other agreements with nonprofit organizations.

The Circular is the product of an interagency review conducted over a two-year period. Its purpose is to provide a set of cost principles to replace existing principles issued by individual agencies. These have often contained varying and conflicting requirements and created confusion among agency administrators, auditors, and nonprofit officials. The new Circular will provide a uniform approach to the problem of determining costs and promote efficiency and better understanding between recipients and the Federal Government.

EFFECTIVE DATE: The Circular becomes effective on issuance.

FOR FURTHER INFORMATION CONTACT: Palmer A. Marcantonio, Financial Management Branch, Office of Management and Budget, Washington, D.C. 20503 (202) 395-4773

SUPPLEMENTARY INFORMATION: Before the Circular became final there was extensive coordination with the affected nonprofit organizations, professional associations, Federal agencies and others. All interested persons were given an opportunity to comment on the proposed Circular through informal consultations and a notice in the Federal Register. In response to our requests for comment we received about 100 letters from Federal agencies, nonprofit organizations, associations, and other interested members of the public. These comments were considered in the final version of the Circular. There follows a summary of the major comments and the action taken on each.

In addition to the changes described, other changes have been made to improve the clarity and readability of the Circular. To the extent possible, we have tried to make the language of this Circular consistent with that of cost principles for educational institutions (Circular A-21) and State and local governments (Circular 74-4).

Summary of Significant Changes:

Set forth are changes that have been made in the final Circular as a result of

public comments. The more significant changes to the basic Circular and Attachment A include:

1. Paragraph 2, "Supersession" was added to the basic Circular to make it clear that this Circular supersedes cost principles issued by individual agencies.

2. Paragraph 4 of the basic Circular has been amended to make it clear that the absence of an advance agreement on any element of cost will not in itself affect the reasonableness of allocability of that element. Also, this paragraph was amended to make it clear that where an item of cost requiring prior approval is specified in the budget, approval of the budget constitutes approval of the cost.

3. Paragraph 5 of the basic Circular has been changed to remove any doubt as to which nonprofit organizations would not be covered by the Circular. Now, Appendix C to the Circular lists all exclusions.

4. Paragraph 8 was added to the basic Circular to permit Federal agencies to request exceptions from the requirements of the Circular.

5. Paragraph E.2 was added to Attachment A to cover the negotiation and approval of indirect cost rates and to provide for cognizance arrangements.

The more significant changes to Attachment B to the Circular include:

1. Paragraph 8, Compensation for Personal Services, was modified to:

a. Permit Federal agencies to accept a substitute system for documenting personnel costs through means other than personnel activity reports.

b. Clarify provisions covering the allowability of costs for unemployment compensation or workers' compensation, and costs of insurance policies on the lives of trustees, officers, or other employees.

c. Make unallowable any increased costs of pension plans caused by delayed funding.

d. Delete a paragraph dealing with review and approval of compensation of individual employees.

2. Paragraph 7, Contingencies, was changed to make it clear that the term "contingency reserves" excludes self-insurance reserves or pension funds.

3. Paragraph 10 was modified to provide that the value of donated services used in the performance of a direct cost activity shall be allocated a share of indirect cost only when (a) the aggregate value of the services is material, (b) the services are supported by a significant amount of the indirect cost incurred by the organization, and (c) the direct cost activity is not pursued primarily for the benefit of the Federal Government. Provisions were also added to this paragraph for the

cognizant agency and the recipient to negotiate when there is no basis for determining the fair market value of the services rendered, and to permit indirect costs allocated to donated services to be charged to an agreement or used to meet cost sharing or matching requirements.

4. Paragraph 13, Equipment and Other Capital Expenditures, was changed. Capital equipment is now defined as having an acquisition cost of \$500 and a useful life of more than two years.

5. Paragraph 20, Meetings/Conferences. The prior approval requirement for charging meetings and conferences as a direct cost was deleted. A sentence was added to make it clear such costs were allowable provided they meet the criterion for the allowability of cost shown in Attachment A.

6. Paragraph 25, Organization Costs, was amended to provide that organization costs may be allowable when approved in writing by the awarding agency.

7. Paragraph 28, Page Charges in Professional Journals, was revised to provide that page charges may be allowable.

8. Paragraph 36, Public Information Service Costs, was modified to make public information costs allowable as direct costs with awarding agency approval.

9. Paragraph 40, Rental Costs, was rewritten to:

a. Make it clear that rental costs under leases which create a material equity on the leased property are allowable only up to the amount that the organization would have been allowed had it purchased the property, e.g. depreciation or use allowances, maintenance, taxes, insurance, etc.

b. Clarify the criteria for material equity leases.

10. Paragraph 50, Travel Costs, was amended to delete the prior approval requirement for domestic travel. In addition to the above, a number of editorial changes were made to the original document.

Suggested Changes Not Considered Necessary:

Comment: Several respondents questioned the provision that, for "less than arm's length" leases, rental costs are allowable only up to the amount that would be allowed had title to the property been vested in the grantee organization. In their opinion this rule will result in unnecessary cost to the Federal Government, since it would encourage an organization to lease space on the commercial market at a higher rate.

Response: The cost principles are designed to cover most situations; however, there are always exceptions that must be considered on a case-by-case basis. The Circular contains a provision for Federal agencies to request exceptions.

Comment: Several respondents questioned why interest is not an allowable cost since it is an ordinary and necessary cost of doing business.

Response: It has been a longstanding policy not to recognize interest as a cost. However, this policy has recently been revised for State and local governments in Circular 74-4 with respect to the cost of office space. The revision provides that "rental" rates for publicly owned buildings may be based on actual costs, including depreciation, interest,

operator and maintenance costs, and other allowable costs. This revision was under consideration for some time. It was studied extensively by OMB, the General Accounting Office and others, and considerable analysis went into its formulation. Suggestions for extending it to nonprofit organizations would have to be examined with equal care. This has not yet been done and we were reluctant to further delay issuance of this Circular.

Comment: Several respondents questioned why public information costs were not allowable as an indirect cost.

Response: Public information costs are often direct services to an organization's other programs. They are allowable, however, as a direct charge when they are within the scope of work of a particular agreement.

Comment: One respondent suggested that smaller grantees be excluded from complying with the Circular.

Response: Similar rules for the 50 selected items of cost would be needed regardless of the size of the grantee. To the extent possible, the Circular provides simplified methods for smaller grantees.

Comment: One respondent said the requirements of the Cost Accounting Standards Board should be applied to cover contracts with nonprofit organizations.

Response: It is unlikely that the type of grantees covered by this Circular would have contracts large enough to be covered by the CASB. In the event that they do, however, the regulations of the CASB would apply.

Comment: One respondent said the allocation of indirect cost to donated services would pose a tremendous difficulty to the organization. The organization relies on a corps of approximately 8,000 committee members to carry out obligations in response to Government requests. There is no

employer relationship in the arrangements for this assistance nor are there committee members normally reimbursed for such services. Further, it was pointed out the committee members spend many thousands of hours outside the organization's premises conducting research.

Response: It would appear that this type of committee arrangement would not be considered in the determination of the organization's indirect cost rate provided that Federal agreements do not bear an unreasonable share of indirect cost. However, the recipient agency will be responsible for allocating the allocation of indirect cost where there are committee-type arrangements on a case-by-case basis.

Comment: One respondent suggested that wherever possible the language in the Federal Procurement Regulations be used for nonprofit organizations.

Response: The language in the Federal Procurement Regulations was designated primarily for commercial firms and is not necessarily well suited to nonprofit organizations. At the suggestion of the General Accounting Office, the nonprofit cost principles were written to conform as closely as possible to those of educational institutions (Circular A-21) and State and local governments (Circular 74-4) [also] [also].

Chief Financial Management Branch

(Circular No. A-122)

June 27, 1980

To The Heads of Executive Departments and Establishments

Subject: Cost principles for nonprofit organizations.

1. Purpose: This Circular establishes principles for determining costs of grants, contracts and other agreements with nonprofit organizations. It does not apply to colleges and universities which are covered by Circular A-21, State, local, and federally recognized Indian tribal governments which are covered by Circular 74-4, or hospitals. The principles are designed to provide that the Federal Government bear its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of cost sharing or matching on grants, contracts or other agreements. However, such cost sharing or matching shall not be accomplished through arbitrary limitations on individual cost elements by Federal agencies. Provision for profit or other increment above cost is outside the scope of this Circular.

2. Supersession: This Circular supersedes cost principles issued by

individual agencies for nonprofit organization.

3. Applicability: These principles shall be used by all Federal agencies in determining the costs of work performed by nonprofit organizations under grants, cooperative agreements, cost reimbursement contracts, and other contracts in which costs are used in procuring administration or settlement. All of these instruments are hereafter referred to as awards. The principles do not apply to awards under which an organization is not required to account to the Government for actual costs incurred.

4. All cost reimbursement subawards (subgrants, subcontracts, etc.) are subject to those Federal cost principles applicable to the particular organization concerned. Thus, if a subaward is to a nonprofit organization, this Circular shall apply; if a subaward is to a commercial organization, the cost principles applicable to commercial concerns shall apply; if a subaward is to a college or university, Circular A-21 shall apply; if a subaward is to a State, local, or federally recognized Indian tribal government, Circular 74-4 shall apply.

5. Definitions: a. "Nonprofit organization" means any corporation, trust, association, cooperative, or other organization which (1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (2) is not organized primarily for profit; and (3) uses its net proceeds to maintain, improve, and/or expand its operations. For this purpose, the term "nonprofit organization" excludes (i) colleges and universities; (ii) hospitals; (iii) State, local, and federally recognized Indian tribal governments; and (iv) those nonprofit organizations which are excluded from coverage of this Circular in accordance with paragraph 3 below.

b. "Prior approval" means securing the awarding agency's permission in advance to incur cost for those items that are designated as requiring prior approval by the Circular. Generally, this permission will be in writing. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitutes approval of that cost.

6. Exclusion of some nonprofit organizations: Some nonprofit organizations, because of their size and nature of operations, can be considered to be similar to commercial concerns for purpose of applicability of cost principles. Such nonprofit organizations shall operate under Federal cost principles applicable to commercial concerns. A listing of these

organizations is contained in Attachment C. Other organizations may be added from time to time.

6. Responsibilities. Agencies responsible for administering programs that involve awards to nonprofit organizations shall implement the provisions of this Circular. Upon request, implementing instruction shall be furnished to the Office of Management and Budget. Agencies shall designate a liaison official to serve as the agency representative on matters relating to the implementation of this Circular. The name and title of such representative shall be furnished to the Office of Management and Budget within 30 days of the date of this Circular.

7. Attachments. The principles and related policy guides are set forth in the following Attachments:

Attachment A—General Principles

Attachment B—Selected Items of Cost

Attachment C—Nonprofit

Organizations Not Subject to This Circular

8. Requests for exceptions. The Office of Management and Budget may grant exceptions to the requirements of this Circular when permissible under existing law. However, in the interest of achieving maximum uniformity, exceptions will be permitted only in highly unusual circumstances.

9. Effective Date. The provisions of this Circular are effective immediately. Implementation shall be phased in by incorporating the provisions into new awards made after the start of the organization's next fiscal year. For existing awards, the new principles may be applied if an organization and the cognizant Federal agency agree. Earlier implementation, or a delay in implementation of individual provisions, is also permitted by mutual agreement between an organization and the cognizant Federal agency.

10. Inquiries. Further information concerning this Circular may be obtained by contacting the Financial Management Branch, Budget Review Division, Office of Management and Budget, Washington, D.C. 20503, telephone (202) 395-4773.

James T. Malatya, Jr.,

Director

(Circular No. A-122)

Attachment A

General Principles

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Attachment A

General Principles

A. Basic Considerations

1. **Composition of total costs.** The total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

2. **Factors affecting allowability of costs.** To be allowable under an award, costs must meet the following general criteria:

a. Be reasonable for the performance of the award and be allocable thereto under these principles.

b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.

c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the organization.

d. Be accorded consistent treatment.

e. Be determined in accordance with generally accepted accounting principles.

f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.

g. Be adequately documented.

3. **Reasonable costs.** A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.

b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.

c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and

clients, the public at large, and the Government.

d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

4. **Allocable costs.**

a. A cost is allocable to a particular cost objective, such as a grant, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Government award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- (1) Is incurred specifically for the award.
- (2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
- (3) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

5. **Applicable credits.**

a. The term applicable credits refers to those receipts or reduction of expenditures which operate to offset or reduce expense items that are allocable to awards as direct or indirect costs. Typical examples of such transactions are purchase discounts, rebates, or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments on overpayments or erroneous charges. To the extent that such credits accruing or received by the organization relate to allowable cost, they shall be credited to the Government, either as a cost reduction or cash refund as appropriate.

b. In some instances, the amounts received from the Federal Government to finance organizational activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the organization in determining the rates or amounts to be charged to Federal awards for services rendered, whenever the facilities or other resources used in providing such services have been financed directly in whole or in part by Federal funds.

(c) For rules covering program income (i.e., gross income earned from federally supported activities) see Attachment D of OMB Circular A-110.

6. **Advance understandings.** Under any given award the reasonableness and allocability of certain items of costs may be difficult to determine. This is particularly true in connection with organizations that receive a preponderance of their support from Federal agencies. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, it is often desirable to seek a written agreement with the cognizant or awarding agency in advance of the incurrence of special or unusual costs. The absence of an advance agreement on any element of cost will not in itself affect the reasonableness or allocability of that element.

B. Direct Costs

1. Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to an award as an indirect cost. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

2. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such costs is consistently applied to all final cost objectives.

3. The cost of certain activities are not allowable as charges to Federal awards (see for example, fund raising costs in paragraph 19 of Attachment B). However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct cost for purposes of determining indirect cost rates and be allocated their share of the organization's indirect costs if they represent activities which: (1) include the salaries of personnel; (2) occupy space; and (3) benefit from the organization's indirect costs.

4. The costs of activities performed primarily as a service to members, clients, or the general public when significant and necessary to the organization's mission must be treated as direct costs whether or not allowable and be allocated an equitable share of indirect costs. Some examples of these types of activities include:

- a. Maintenance of membership rolls, subscriptions, publications, and related functions.
- b. Providing services and information to members, legislative or administrative bodies, or the public.
- c. Promotion, lobbying, and other forms of public relations.
- d. Meetings and conferences except those held to conduct the general administration of the organization.
- e. Maintenance, protection, and investment of special funds not used in operation of the organization.
- f. Administration of group benefits on behalf of members or clients including life and hospital insurance, annuity or retirement plans, financial aid, etc.

C. Indirect Cost

1. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Direct cost of minor amounts may be treated as indirect costs under the conditions described in paragraph B 2. above. After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose

in like circumstances has been assigned to an award as a direct cost.

2. Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of costs which may be classified as indirect costs in all situations. However, typical examples of indirect cost for many nonprofit organizations may include depreciation on use allowances on buildings and equipment; the costs of operating and maintaining facilities; and general administrative and general expenses such as the salaries and expenses of executive officers, personnel administration, and accounting.

D. Allocation of Indirect Costs and Determination of Indirect Cost Rates**1. General**

a. Where a nonprofit organization has only one major function, or where all its major functions benefit to its indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures as described in paragraph 2. below.

b. Where an organization has several major functions which benefit from its indirect costs in varying degrees, allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefiting functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).

c. The determination of what constitutes an organization's major functions will depend on its purpose in being, the types of services it renders to the public, its clients, and its members, and the amount of effort it devotes to such activities as fund raising, public information, and membership activities.

d. Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in paragraphs 2 through 5 below.

a. The base period for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to work performed in that period. The base period normally should coincide with the organization's fiscal year, but in any event shall be so selected as to avoid inequities in the allocation of the costs.

2. Simplified allocation method

a. Where an organization's major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (i) separating the organization's total costs for the base period as either direct or indirect, and (ii) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual awards. The rate should be expressed as the percentage which the total amount of

allowable indirect costs bears to the base selected. This method should also be used where an organization has only one major function encompassing a number of individual projects or activities, and may be used where the level of Federal awards to an organization is relatively small.

b. Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs which represent activities must be included in the direct costs under the conditions described in paragraph B 3. above.

c. The distribution base may be total direct costs (including capital expenditures and other disallowing items, such as major subcontractors or subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 29 of Attachment B.

d. Except where a special rate(s) is required in accordance with paragraph D 3. below, the indirect cost rate developed under the above principles is applicable to all awards at the organization. If a special rate(s) is required, appropriate modifications shall be made in order to develop the special rate(s).

3. Multiple allocation base method

a. Where an organization's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefiting functions by means of a base which best measures the relative benefits.

b. The groupings shall be established so as to permit the allocation of each grouping on the basis of benefits provided to the major functions. Each grouping should constitute a pool of expenses that are of like character in terms of the functions they benefit and in terms of the allocation base which best measures the relative benefit provided to each function. The number of separate groupings should be held within practical limits, taking into consideration the materiality of the amounts involved and the degree of precision desired.

c. Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefiting functions. When an allocation can be made by assignment of a cost grouping directly to the function benefited, the allocation shall be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made through the use of a selected base which produces results that are equitable to both the Government and the organization. In general, any cost element or cost related factor associated with the organization's work is potentially adaptable for use as an allocation base provided (i) it can readily be expressed in terms of dollars or other quantitative measures (total direct costs, direct salaries and wages, staff hours applied, square feet used, hours of usage, number of documents processed, population served, and the like) and (ii) it is common to the benefiting functions during the base period.

d. Except where a special indirect cost rate(s) is required in accordance with

paragraph D3 below, the separate groupings of indirect costs allocated to each major function shall be aggregated and treated as a common pool for that function. The costs in the common pool shall then be distributed to individual awards included in that function by use of a single indirect cost rate.

e. The distribution base used in computing the indirect cost rate for each function may be total direct costs (excluding capital expenditures and other dispositive items such as major subcontracts and subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 21, Attachment B. An indirect cost rate should be developed for each separate indirect cost pool developed. The rate in each case should be stated as the percentage which the amount of the particular indirect cost pool is of the distribution base identified with that pool.

4. Direct allocation method

a. Some nonprofit organizations treat all costs as direct costs except general administration and general expenses. These organizations generally separate their costs into three basic categories: (i) General administration and general expenses; (ii) fund raising; and (iii) other direct functions (including projects performed under Federal awards), joint costs such as depreciation, rent, cost operation and maintenance of facilities, telephone expenses, and the like are prorated individually as direct costs to each category and to each award or other activity using a base most appropriate to the particular cost being prorated.

b. This method is acceptable provided each joint cost is prorated using a base which accurately measures the benefits provided to each award or other activity. The bases must be established in accordance with reasonable criteria and be supported by current data. This method is compatible with the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations issued jointly by the National Health Council and the National Assembly of Voluntary Health and Social Welfare Organizations, and the United Way of America.

c. Under this method, indirect costs consist exclusively of general administration and general expenses. In all other respects, the organization's indirect cost rates shall be computed in the same manner as that described in paragraph D3 above.

3. *Special indirect cost rates:* In some instances, a single indirect cost rate for all activities of an organization or for each major function of the organization may not be appropriate, since it would not take into account those different factors which may substantially affect the indirect costs applicable to a particular segment of work. For this purpose, a particular segment of work may be that performed under a single award or it may consist of work under a group of awards performed in a common environment. The factors may include the physical location of the work, the level of administrative support required, the nature of the facilities or other resources employed, the scientific discipline or technical skills

involved, the organizational arrangements used, or any combination thereof. When a particular segment of work is performed in an environment which appears to generate a significantly different level of indirect costs, provisions should be made for a separate indirect cost pool applicable to such work. The separate indirect cost pool should be developed during the course of the regular allocation process, and the separate indirect cost rate resulting therefrom should be used provided it is determined that (i) the rate differs significantly from that which would have been obtained under paragraph D2, 3, and 4 above, and (ii) the volume of work to which the rate would apply is material.

A. Negotiation and Approval of Indirect Cost Rates

1. *Definitions:* As used in this section, the following terms have the meanings set forth below:

a. "Cognizant agency" means the Federal agency responsible for negotiating and approving indirect cost rates for a nonprofit organization on behalf of all Federal agencies.

b. "Predetermined rate" means an indirect cost rate applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

c. "Fixed rate" means an indirect cost rate which has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period.

d. "Final rate" means an indirect cost rate applicable to a specific past period which is based on the actual costs of the period. A final rate is not subject to adjustment.

e. "Provisional rate" or "billing rate" means a temporary indirect cost rate applicable to a specified period which is used for funding invoice reimbursements and reporting indirect costs on awards pending the establishment of a final rate for the period.

f. "Indirect cost proposal" means the documentation, prepared by an organization to substantiate its claim for the reimbursement of indirect costs. This proposal provides the basis for the review and negotiation leading to the establishment of the organization's indirect cost rate.

g. "Cost objective" means a function, organizational subdivision, contract, grant, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs, and capitalized projects.

2. Negotiation and approval of rates.

a. Unless different arrangements are agreed to by the agencies concerned, the Federal agency with the largest dollar value of awards with an organization will be designated as the cognizant agency for the negotiation and approval of indirect cost rates and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency is assigned cognizance for a particular nonprofit organization, the

assignment will not be changed unless there is a major long-term shift in the dollar volume of the Federal awards to the organization. All concerned Federal agencies shall be given the opportunity to participate in the negotiation process, but after a rate has been agreed upon it will be accepted by all Federal agencies. When a Federal agency has reason to believe that special operating factors affecting its awards necessitate special indirect cost rates in accordance with paragraph D3 above, it will, prior to the time the rates are negotiated, notify the cognizant agency.

b. A nonprofit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal to the cognizant agency. The proposal shall be submitted as soon as possible after the organization is advised that an award will be made and, in no event later than three months after the effective date of the award.

c. Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency within six months after the close of each fiscal year.

d. A predetermined rate may be negotiated for use on awards where there is reasonable assurance, based on past experience and reliable projection of the organization's costs, that the rate is not likely to exceed a rate based on the organization's actual costs.

e. Fixed rates may be negotiated where predetermined rates are not considered appropriate. A fixed rate, however, shall not be negotiated if (i) all or a substantial portion of the organization's awards are expected to expire before the carry-forward adjustment can be made, (ii) the mix of Government and non-government work at the organization is not amenable to permit an equitable carry-forward adjustment, or (iii) the organization's operations fluctuate significantly from year to year.

f. Provisional and final rates shall be negotiated where neither predetermined nor fixed rates are appropriate.

g. The results of each negotiation shall be formalized in a written agreement between the cognizant agency and the nonprofit organization. The cognizant agency shall distribute copies of the agreement to all concerned Federal agencies.

h. If a dispute arises in a negotiation of an indirect cost rate between the cognizant agency and the nonprofit organization, the dispute shall be resolved in accordance with the appeals procedures of the cognizant agency.

i. To the extent that problems are encountered among the Federal agencies in connection with the negotiation and approval process, the Office of Management and Budget will lend assistance as required to resolve such problems in a timely manner. (Circular No. A-122)

Attachment B

Selected Items of Cost

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[Circular No. A-122]

Attachment B

Selected Items of Cost

Paragraphs 1 through 50 provide principles to be applied in establishing the allowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost is not intended to imply that it is unallowable; rather determination as to allowability in each case should be based on the treatment or principles provided for similar or related items of cost.

1. Advertising costs

a. Advertising costs mean the costs of media services and associated costs. Media advertising includes magazines, newspapers, radio and television programs, direct mail exhibits, and the like.

b. The only advertising costs allowable are those which are solely for (i) the recruitment of personnel when considered in conjunction with all other recruitment costs as set forth in paragraph 49 (ii) the procurement of goods and services, (iii) the disposal of surplus materials acquired in the performance of the award except when organizations are reimbursed for disposals at a predetermined amount in accordance with Attachment N of OMB Circular A-112 or (iv) specific requirements of the award.

2. Bad debts. Bad debts, including losses (whether actual or assumed) arising from uncollectible accounts and other claims related collection costs and related legal costs are unallowable.

3. Bid and proposal costs (reserved)

4. Bonding costs

a. Bonding costs arise when the Government requires securities against financial loss to itself or others by reason of the solvency or default of the organization. They arise also in instances where the organization requires similar assurance. Included are such bonds as bid performance, payment advance, payment infringement, and fidelity bonds.

b. Costs of bonding required pursuant to the terms of the award are allowable.

c. Costs of bonding required by the organization in the general conduct of its operations are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

5. Communication costs. Costs incurred for telephone services, local and long distance telephone calls, telegrams, radiograms, postage and the like are allowable.

6. Compensation for personal services

a. Definition. Compensation for personal services includes all compensation paid currently or accrued by the organization for services of employees rendered during the period of the award (except as otherwise provided in paragraph 6 below). It includes but is not limited to salaries, wages, directors' and executive committee members' fees, incentive awards, fringe benefits, pension plan costs, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost of living differentials.

b. Allowability. Except as otherwise specifically provided in this paragraph, the costs of such compensation are allowable to the extent that:

(1) Total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the organization consistently applied to both Government and non-Government activities; and

(2) Changes to awards whether treated as direct or indirect costs are determined and supported as required in this paragraph.

c. Reasonableness.

(1) When the organization is predominantly engaged in activities other than those sponsored by the Government, compensation for employees on Government-sponsored work will be considered reasonable to the extent that it is consistent with that paid for similar work in the organization's other activities.

(2) When the organization is predominantly engaged in Government-sponsored activities

and in cases where the kind of employees required for the Government activities are not found in the organization's other activities, compensation for employees on Government-sponsored work will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor markets in which the organization competes for the kind of employees involved.

d. Special considerations in determining allowability. Certain conditions require special consideration and possible limitation in determining costs under Federal awards where amounts or types of compensation appear unreasonable. Among such conditions are the following:

(1) Compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs.

(2) Any change in an organization's compensation policy resulting in a substantial increase in the organization's level of compensation, particularly when it was concurrent with an increase in the ratio of Government awards to other activities of the organization or any change in the treatment of allowability of specific types of compensation due to changes in Government policy.

e. Unallowable costs. Costs which are unallowable under other paragraphs of this Attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.

1. Fringe benefits

(1) Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job such as vacation leave, sick leave, military leave, and the like are allowable provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each.

(2) Fringe benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation, insurance, pension plan costs (see paragraph 6 below), and the like are allowable provided such benefits are granted in accordance with established written organization policies. Such benefits whether treated as indirect costs or as direct costs shall be distributed to particular awards and other activities in a manner consistent with the pattern of benefits accruing to the individuals or group of employees whose salaries and wages are chargeable to such awards and other activities.

(3)(a) Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.

(b) Where an organization follows a consistent policy of expensing actual payments to or on behalf of employees or former employees for unemployment compensation or workers' compensation, such payments are allowable in the year of payment, with the prior approval of the awarding agency provided they are allocated to all activities of the organization.

(4) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility are allowable only to the extent that the insurance represents additional compensation. The costs of such insurance where the organization is named as beneficiary are allowable.

g. Pension plan costs

(1) Costs of the organization's pension plan which are incurred in accordance with the established policies of the organization are allowable provided:

(a) Such policies meet the test of reasonableness.

(b) The methods of cost allocation are not discriminatory.

(c) The cost assigned to each fiscal year is determined in accordance with generally accepted accounting principles as prescribed in Accounting Principles Board Opinion No. 8 issued by the American Institute of Certified Public Accountants; and

(d) The costs assigned to a given fiscal year are funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are allowable.

(2) Pension plan termination insurance premiums paid pursuant to the Employee Retirement Income Security Act of 1974 (Pub. L. 93-406) are allowable. Late payment charges on such premiums are allowable.

(3) Excise taxes or accumulated funding deficiencies and other penalties imposed under the Employee Retirement Income Security Act are allowable.

h. Incentive compensation. Incentive compensation to employees based on cost reduction or efficient performance, suggestion awards, safety awards, etc., are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

i. Overtime, extra pay shift, and multishift premiums. See paragraph 27.

j. Severance pay. See paragraph 44.

k. Training and education costs. See paragraph 48.

l. Support of salaries and wages

(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports as

prescribed in subparagraph (2) below, except where a substitute system has been approved in writing by the awarding agency. (See paragraph E2 of Attachment A.)

(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost ratios) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by nonprofit organizations to satisfy these requirements must meet the following standards:

(a) The reports must reflect an *after-the-fact* determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

(3) Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in subparagraphs (1) and (2) above, must also be supported by records indicating the total number of hours worked each day.

maintained in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (29 CFR Part 516). For this purpose, the term "nonprofessional employee" shall have the same meaning as "nonexempt employee" under the Fair Labor Standards Act.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.

7. Contingency provisions. Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening are allowable. The term "contingency reserve" excludes self-insurance reserves (see paragraph 6 f.(3) and 18a.(2)(d)), pension funds (see paragraph 6 (g)) and reserves for normal severance pay (see paragraph 44 (b)(3)).

8. Contributions. Contributions and donations by the organization to others are allowable.

9. Depreciation and use allowances

a. Compensation for the use of buildings other than improvements and equipment on hand may be made through use allowances or depreciation. However, except as provided in paragraph f below a combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.).

b. The computation of use allowances or depreciation shall be based on the acquisition cost of the assets involved. The acquisition cost of an asset donated to the organization by a third party shall be its fair market value at the time of the donation.

c. The computation of use allowances or depreciation will exclude:

(1) The cost of land.

(2) Any portion of the cost of buildings and equipment borne by or donated by the Federal Government irrespective of where title was originally vested or where it presently resides; and

(3) Any portion of the cost of buildings and equipment contributed by or for the organization in satisfaction of a statutory matching requirement.

d. Where the use allowance method is followed, the use allowance for buildings and improvements (including land improvements such as paved parking areas, fences, and sidewalks) will be computed at an annual rate not exceeding two percent of acquisition cost. The use allowance for equipment will be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset; the building's components (e.g., plumbing system, heating and air conditioning, etc.) cannot be segregated from the building's shell. The two percent limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., dental chair and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the need for costly or extensive alterations or repairs to the building or the equipment. Equipment that meets these criteria will be subject to the six and two-thirds percent equipment use allowance limitation.

e. Where depreciation method is followed, the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment used, technological developments in the particular program area, and the renewal and replacement policies followed for the individual items or classes of assets involved. The method of depreciation used to assign the cost of an asset (or group of assets) to accounting periods shall reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater or lesser in the early portions of its

useful life than in the later portions, the straight-line method shall be presumed to be the appropriate method. Depreciation methods once used shall not be changed unless approved in advance by the cognizant Federal agency. When the depreciation method is introduced for application to assets previously subject to a use allowance, the combination of use allowances and depreciation applicable to such assets must not exceed the total acquisition cost of the assets. When the depreciation method is used for buildings, a building's shell may be segregated from each building component (e.g., plumbing system, heating, and air conditioning system, etc.) and each item depreciated over its estimated useful life or the entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life.

f. When the depreciation method is used for a particular class of assets, no depreciation may be allowed on any such assets that, under paragraph e above, would be viewed as fully depreciated. However, a reasonable use allowance may be negotiated for such assets if warranted after taking into consideration the amount of depreciation previously charged to the Government, the estimated useful life remaining at time of negotiation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the asset for the purpose contemplated.

g. Charges for use allowances or depreciation must be supported by adequate property records and physical inventories must be taken at least once every two years (a statistical sampling basis is acceptable) to ensure that assets exist and are usable and needed. When the depreciation method is followed, adequate depreciation records indicating the amount of depreciation taken each period must also be maintained.

10. Donations

a. Services received

(1) Donated or volunteer services may be furnished to an organization by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost.

(2) The value of donated services utilized in the performance of a direct cost activity shall be considered in the determination of the organization's indirect cost rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs when the following circumstances exist:

(a) The aggregate value of the services is material.

(b) The services are supported by a significant amount of the indirect costs incurred by the organization.

(c) The direct cost activity is not pursued primarily for the benefit of the Federal Government.

(3) In those instances where there is no basis for determining the fair market value of the services rendered, the recipient and the cognizant agency shall negotiate an appropriate allocation of indirect cost to the services.

(4) Where donated services directly benefit a project supported by an award, the indirect

costs allocated to the services will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the award or used to meet cost sharing or matching requirements.

(5) The value of the donated services may be used to meet cost sharing or matching requirements under conditions described in Attachment E, DMB Circular No. A-110. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

(6) Fair market value of donated services shall be computed as follows:

(a) Rates for volunteer services: Rates for volunteers shall be consistent with those regular rates paid for similar work in other agencies of the organization. In cases where the kinds of skills involved are not found in the other agencies of the organization, the rates used shall be consistent with those paid for similar work in the labor market in which the organization competes for such skills.

(b) Services rendered by other organizations: When an employer donates the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits) and indirect costs, provided the services are in the same skill for which the employee is normally paid. If the services are not in the same skill for which the employee is normally paid, fair market value shall be computed in accordance with subparagraph (a) above.

b. Goods and space

(1) Donated goods, i.e., expendable personal property, supplies, and donated use of space may be furnished to an organization. The value of the goods and space is not reimbursable either as a direct or indirect cost.

(2) The value of the donations may be used to meet cost sharing or matching share requirements under the conditions described in Attachment E, DMB Circular No. A-110. The value of the donations shall be determined in accordance with Attachment E. Where donations are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

11. *Employee morale, health and welfare costs and credits:* The costs of house publications, health or first-aid clinics, and/or infirmaries, recreational activities, employees' counseling services, and other expenses incurred in accordance with the organization's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable. Such costs will be equitably apportioned to all activities of the organization. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations.

12. *Entertainment costs:* Costs of amusement, diversion, social activities, ceremonies, and costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities are unallowable (but see paragraphs 13 and 25).

13. *Equipment and other capital expenditures*

a. As used in this paragraph, the following terms have the meanings set forth below:

(1) "Equipment" means an article of nonexpendable tangible personal property having a useful life of more than two years and an acquisition cost of \$500 or more per unit. An organization may use its own definition provided that it at least includes all nonexpendable tangible personal property as defined herein.

(2) "Acquisition cost" means the net invoice unit price of an item of equipment including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges such as taxes, duty, protective treatment, insurance, freight, and installation shall be included in or excluded from acquisition cost in accordance with the organization's regular written accounting practices.

(3) "Special purpose equipment" means equipment which is usable only for research, medical, scientific or technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

(4) "General purpose equipment" means equipment which is usable for other than research, medical, scientific or technical activities, whether or not special modifications are needed to make them suitable for a particular purpose. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, motor vehicles, and automatic data processing equipment.

b. (1) Capital expenditures for general purpose equipment are unallowable as a direct cost except with the prior approval of the awarding agency.

(2) Capital expenditures for special purpose equipment are allowable as direct costs provided that items with a unit cost of \$1000 or more have the prior approval of the awarding agency.

c. Capital expenditures for land or buildings are unallowable as a direct cost except with the prior approval of the awarding agency.

d. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.

e. Equipment and other capital expenditures are unallowable as indirect costs. However, see paragraph 9 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also see paragraph 42 for allowability of rental costs for land, buildings, and equipment.

14. *Fines and penalties:* Costs of fines and penalties resulting from violations of or failure of the organization to comply with Federal, State, and local laws and regulation, are unallowable except when incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding agency.

15. *Fringe benefits:* See paragraph 6 f.

16. *Idle facilities and idle capacity:*

a. As used in this paragraph, the following terms have the meanings set forth below:

(1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the organization.

(2) "Idle facilities" means completely unused facilities that are excess to the organization's current needs.

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between that which a facility could achieve under 100 percent operating time or a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays, and the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis may be used if it can be shown that this amount of usage could normally be expected for the type of facility involved.

(4) "Costs of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., property taxes, insurance, and depreciation or use allowances.

b. The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subparagraph, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending upon the initiative taken to use, lease, or dispose of such facilities (but see paragraphs 4" b and d).

c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of direct or indirect cost rates from period to period. Such costs are allowable, provided the capacity is reasonably and paid to be necessary, or was originally reasonable and is not subject to reduction or elimination by substituting renting or sale in accordance with sound business economics or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be idle facilities.

17. *Independent research and development (Reserved)*

18. *Insurance and indemnification*

a. Insurance includes insurance which the organization is required to carry, or which is approved, under the terms of the award and any other insurance which the organization maintains in connection with the general conduct of its operations. This paragraph does not apply to insurance which represents fringe benefits for employees (see paragraph 6 f and 8 g (2)).

(1) Costs of insurance required or approved and maintained pursuant to the award are allowable.

(2) Costs of other insurance maintained by the organization in connection with the

general conduct of its operations are allowable subject to the following limitations:

(a) Types and extent of coverage shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances.

(b) Costs allowed for business interruption or other similar insurance shall be limited to exclude coverage of management fees.

(c) Costs of insurance or of any provisions for a reserve covering the risk of loss or damage to Government property are allowable only to the extent that the organization is liable for such loss or damage.

(d) Provisions for a reserve under a self-insurance program are allowable to the extent that types of coverage, extent of coverage, rates, and premiums would have been allowed had insurance been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.

(e) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation (see paragraph 8). The cost of such insurance when the organization is identified as the beneficiary is unallowable.

(3) Actual losses which could have been covered by permissible insurance (through the purchase of insurance or a self-insurance program) are unallowable unless expressly provided for in the award, except:

(a) Costs incurred because of losses not covered under normal deductible insurance coverage provided in keeping with sound business practice are allowable.

(b) Minor losses not covered by insurance such as spoilage, breakage, and disappearance of supplies which occur in the ordinary course of operations are allowable.

b. Indemnification includes securing the organization against liabilities to third persons and any other loss or damage not compensated by insurance or otherwise. The Government is obligated to indemnify the organization only to the extent expressly provided in the award.

19. *Interest, fund raising, and investment management costs*

a. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

b. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.

c. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

d. Fund raising and investment activities shall be allocated an appropriate share of indirect costs under the conditions described in paragraph B of Attachment A.

20. *Labor relations costs*. Costs incurred in maintaining satisfactory relations between the organization and its employees, including costs of labor management committees,

employee publications, and other related activities are allowable.

21. *Losses or other awards*. Any excess of costs over income on any award is unallowable as a cost of any other award. This includes, but is not limited to, the organization's contributed portion by reason of cost sharing agreements or any unrecovered through negotiation of lump sums for, or ceilings on, indirect costs.

22. *Maintenance and repair costs*. Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment (including Government property, unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures (see paragraph 10).

23. *Materials and supplies*. The costs of materials and supplies necessary to carry out an award are allowable. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges may be a proper part of material cost. Materials and supplies charged as a direct cost should include only the materials and supplies actually used for the performance of the contract or grant, and due credit should be given for any excess materials or supplies retained or returned to vendors.

24. *Meetings, conferences*

a. Costs associated with the conduct of meetings and conferences include the cost of renting facilities, meals, speakers' fees, and the like. But see paragraph 10, *Entertainment costs*, and paragraph 25, *Participant support costs*.

b. To the extent that these costs are identifiable with a particular cost objective, they should be charged to that objective. See paragraph B of Attachment A. These costs are allowable provided that they meet the general tests of allowability shown in Attachment A to this Circular.

c. Costs of meetings and conferences held to conduct the general administration of the organization are allowable.

25. *Memberships, subscriptions, and professional activity costs*

a. Costs of the organization's membership in civic, business, technical, and professional organizations are allowable.

b. Costs of the organization's subscriptions to civic, business, professional, and technical periodicals are allowable.

c. Costs of attendance at meetings and conferences sponsored by others when the primary purpose is the dissemination of technical information are allowable. This includes costs of meals, transportation, and other items incidental to such attendance.

26. *Organization costs*. Expenditures such as incorporation fees, brokers' fees, fees to promoters, organizers, or management consultants, attorneys, accountants, or

investment counselors, whether or not employees of the organization, in connection with establishment or reorganization of an organization, are allowable except with prior approval of the awarding agency.

20. Overtime, extra-pay shift, and multishift premiums. Premiums for overtime, extra-pay shifts, and multishift work are allowable only with the prior approval of the awarding agency, except:

a. When necessary to cope with emergencies, such as those resulting from accidents, natural disasters, breakdowns of equipment, or occasional operational bottlenecks of a sporadic nature.

b. When employees are performing indirect functions such as administration, maintenance, or accounting.

c. In the performance of tests, laboratory procedures, or other similar operations which are continuous in nature and cannot reasonably be interrupted or otherwise completed.

d. When lower overall cost to the Government will result.

21. Page charges in professional journals. Page charges for professional journal publications are allowable as a necessary part of research costs, where:

a. The research papers report work supported by the Government, and

b. The charges are levied impartially on all research papers published by the journal, whether or not by Government-sponsored authors.

22. Participant support costs. Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. These costs are allowable with the prior approval of the awarding agency.

23. Patent costs.

a. Costs of (i) preparing disclosures, reports, and other documents required by the award and of searching the art to the extent necessary to make such disclosures; (ii) preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application, where title or royalty-free license is required by the Government to be conveyed to the Government; and (iii) general counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee agreements, are allowable (but see paragraph 34).

b. Cost of preparing disclosures, reports, and other documents and of searching the art to the extent necessary to make disclosures, if not required by the award, are allowable. Costs in connection with (i) filing and prosecuting any foreign patent application, or (ii) any United States patent application, where the award does not require conveying title or a royalty-free license to the Government, are allowable (also see paragraph 43).

31. Pension plans. See paragraph 6 g.

32. Plant security costs. Necessary expenses incurred to comply with Government security requirements or for facilities protection, including wages,

uniforms, and equipment of personnel are allowable.

33. Award costs. Award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

34. Professional service costs.

a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the organization are allowable subject to b, c, and d of this paragraph when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government.

b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

(1) The nature and scope of the service rendered in relation to the service required.

(2) The necessity of contracting for the service, considering the organization's capability in the particular area.

(3) The past pattern of such costs particularly in the year prior to Government awards.

(4) The impact of Government awards on the organization's business (i.e., what new problems have arisen).

(5) Whether the proportion of Government work to the organization's total business is such as to influence the organization in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government grants and contracts.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Government awards.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

c. In addition to the factors in paragraph b above, retainage fees to be allowable must be supported by evidence of bona fide services available or rendered.

d. Cost of legal, accounting, and consulting services, and related costs incurred in connection with defense of antitrust suits, and the prosecution of claims against the Government, are allowable. Costs of legal, accounting and consulting services, and related costs incurred in connection with patent infringement litigation, organization and reorganization, are allowable unless otherwise provided for in the award (but see paragraph 47e).

35. Profits and losses on disposition of depreciable property or other capital assets.

a. (1) Gains and losses on sale, retirement, or other disposition of depreciable property

shall be included in the year in which they occur as credits or charges to cost grouping in which the depreciation applicable to such property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate cost grouping shall be the difference between the amount realized on the property and the undepreciated basis of the property.

(2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:

(a) The gain or loss is processed through a depreciation reserve account and is reflected in the depreciation allowable under paragraph 9.

(b) The property is given in exchange as part of the purchase price of a similar item, and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in paragraph 18 a (3).

(d) Compensation for the use of the property was provided through use allowances in lieu of depreciation in accordance with paragraph 9.

(e) Gains and losses arising from mass or extraordinary sales, retirements, or other dispositions shall be considered on a case-by-case basis.

b. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in paragraph a above shall be excluded in computing award costs.

36. Public information service costs.

a. Public information service costs include the cost associated with pamphlets, news releases, and other forms of information services. Such costs are normally incurred:

(1) Inform or instruct individuals, groups, the general public.

(2) Interest individuals or groups in participating in a service program of the organization.

(3) Disseminate the results of sponsored and nonsponsored activities.

b. Public information service costs are allowable as direct costs with the prior approval of the awarding agency. Such costs are allowable as indirect costs.

37. Publication and printing costs.

a. Publication costs include the costs of printing (including the processes of composition, plate-making, press work, binding, and the end products produced by such processes); distribution, promotion, mailing, and general handling.

b. If these costs are not identifiable with particular cost objectives, they should be allocated as indirect costs to all benefiting activities of the organization.

c. Publication and printing costs are allowable as direct costs except with the prior approval of the awarding agency.

d. The cost of page charges in journals is addressed paragraph 28.

38. Rearrangement and alteration costs. Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for a project are allowable with the prior approval of the awarding agency.

39 Reconversion costs. Costs incurred in the restoration or rehabilitation of the organization's facilities to approximately the same condition existing immediately prior to commencement of Government awards (air wear and tear excepted) are allowable.

40 Recruiting costs. The following recruiting costs are allowable: cost of "help wanted" advertising; operating costs of an employment office; costs of operating an educational testing program; travel expenses including food and lodging of employees while engaged in recruiting personnel; travel costs of applicants for interviews for prospective employment; and relocation costs incurred incident to recruitment of new employees (see paragraph 41c). Where the organization uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

41 Relocation costs.

a. Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable, subject to the limitation described in paragraphs b, c, and d below, provided that:

(1) The move is for the benefit of the employer;

(2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer;

(3) The reimbursement does not exceed the employer's actual (or reasonably estimated) expenses;

b. Allowable relocation costs for current employees are limited to the following:

(1) The costs of transportation of the employee, members of his immediate family, and his household, and personal effects to the new location;

(2) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to a maximum period of 30 days, including advance trip time;

(3) Closing costs, such as brokerage, legal, and appraisal fees, incident to the disposition of the employee's former home. These costs together with those described in (4) below are limited to 8 percent of the sales price of the employee's former home;

(4) The continuing costs of ownership of the vacant former home after the termination or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing up expenses), utility taxes, and property insurance;

(5) Other necessary and reasonable expenses normally incident to relocation, such as the costs of cancelling an unexpired lease, disconnecting and reinstalling household appliances, and purchasing insurance against loss of or damages to personal property. The cost of cancelling an unexpired lease is limited to three times the monthly rental.

c. Allowable relocation costs for new employees are limited to those described in (1) and (2) of paragraph b. above. When relocation costs incurred incident to the recruitment of new employees have been

allowed either as a direct or indirect cost and the employee resigns for reasons within his control within 12 months after hire, the organization shall refund or credit the Government for its share of the cost. Moreover, the costs of travel to an overseas location shall be considered travel costs in accordance with paragraph 36 and not relocation costs for the purpose of this paragraph if dependents are not permitted at the location for any reason and the costs do not include costs of transporting household goods.

d. The following costs related to relocation are unallowable:

(1) Fees and other costs associated with acquiring a new home;

(2) A loss on the sale of a former home;

(3) Continuing mortgage principal and interest payments on a home being sold;

(4) Income taxes paid by an employee related to reimbursement relocation costs.

42 Rental costs.

a. Subject to the limitations described in paragraphs b through d of this paragraph, rental costs are allowable to the extent that the rates are reasonable in light of such factors as rental costs of comparable property if any market conditions in the area alternatives available, and the type, life expectancy, condition, and value of the property leased.

b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the organization continued to own the property.

c. Rental costs under less-than-length leases are allowable only up to the amount that would be allowed had title to the property vested in the organization. For this purpose, a less-than-arm's-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include but are not limited to those between (i) divisions of an organization; (ii) organizations under common control through common officers, directors, or members; and (iii) an organization and a director, trustee, officer, or key employee of the organization or his immediate family, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

d. Rental costs under leases which create a material equity in the leased property are allowable only up to the amount that would be allowed had the organization purchased the property on the date the lease agreement was executed, e.g., depreciation or use allowances, maintenance, taxes, insurance, but excluding interest expense and other unallowable costs. For this purpose, a material equity in the property exists if the lease is noncancellable or is cancellable only upon the occurrence of some remote contingency and has one or more of the following characteristics:

(1) The organization has the right to purchase the property for a price which at the beginning of the lease appears to be substantially less than the probable fair market value at the time it is permitted to purchase the property (commonly called a lease with a bargain purchase option);

(2) Title to the property passes to the organization at some time during or after the lease period.

(3) The term of the lease (initial term plus periods covered by bargain renewal options if any) is equal to 75 percent or more of the economic life of the leased property, i.e., the period the property is expected to be economically usable by one or more users.

43 Royalties and other costs for use of patents and copyrights.

a. Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto necessary for the proper performance of the award are allowable unless:

(1) The Government has a license or the right to free use of the patent or copyright;

(2) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid;

(3) The patent or copyright is considered to be unenforceable;

(4) The patent or copyright is expired;

b. Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less than arm's length bargaining, e.g.,

(1) Royalties paid to persons including corporations affiliated with the organization;

(2) Royalties paid to unaffiliated parties including corporations, under an agreement entered into in contemplation that a Government award would be made;

(3) Royalties paid under an agreement entered into after an award is made to an organization;

c. In any case involving a patent or copyright formerly owned by the organization, the amount of royalty allowed should not exceed the cost which would have been allowed had the organization retained title thereto.

44 Severance pay.

a. Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages by organizations to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that in each case it is required by (i) law, (ii) employer-employee agreement, (iii) established policy that constitutes in effect an implied agreement on the organization's part, or, in circumstances of the particular employment:

b. Costs of severance payments are divided into two categories as follows:

(1) Actual normal turnover severance payments shall be allocated to all activities or where the organization provides for a reserve for normal severances such method will be acceptable if the charge to current operations is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts charged are allocated to all activities of the organization;

(2) Abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

45 Specialized service facilities.

a. The costs of services provided by highly complex or specialized facilities operated by

the organization, such as electronic computers and wind tunnels, are allowable provided the charges for the services meet the conditions of either b or c of this paragraph and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under paragraph A.5 of Attachment A.

b The costs of such services when material must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (i) does not discriminate against federally supported activities of the organization, including usage by the organization for internal purposes, and (ii) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all indirect costs. Advance agreements pursuant to paragraph A.6 of Attachment A are particularly important in this situation.

c Where the costs incurred for a service are not material, they may be allocated as indirect costs.

46 Taxes

a In general, taxes which the organization is required to pay and which are paid or accrued in accordance with generally accepted accounting principles and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for (i) taxes from which exemptions are available to the organization directly or which are available to the organization based on an exemption afforded the Government and in the latter case when the awarding agency makes available the necessary exemption certificates, (ii) special assessments on land which represent capital improvements, and (iii) Federal income taxes.

b Any refund of taxes and any payment to the organization of interest thereon, which were allowed as award costs, will be credited either as a cost reduction or cash refund as appropriate to the Government.

47 Termination costs. Termination of awards generally give rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the award not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the other provisions of this Circular in termination situations.

a Common items. The cost of items reasonably usable on the organization's other work shall not be allowable unless the organization submits evidence that it would not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the organization, the awarding agency should consider the organization's plans and orders for current and scheduled activity. Contemporaneous purchases of common items by the organization shall be regarded as evidence that such items are reasonably usable on the organization's other work. Any acceptance of common items as allocable to the terminated portion of the award shall be limited to the extent that the quantities of such items on hand in transit, and on order are in excess of the reasonable quantitative requirements of other work.

b Costs continuing after termination. If in a particular case, despite all reasonable efforts by the organization, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Circular, except that any such costs continuing after termination due to the negligent or willful failure of the organization to discontinue such costs shall be unallowable.

c Loss of useful value. Loss of useful value of special tooling, machinery, and equipment which was not charged to the award as a capital expenditure is generally allowable if (1) such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the organization.

(2) The interest of the Government is protected by transfer of title or by other means deemed appropriate by the awarding agency.

d Rental costs. Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated award less the residual value of such leases, if (i) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the award and such further period as may be reasonable, and (ii) the organization makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property provided such alterations were necessary for the performance of the award, and of reasonable restoration required by the provisions of the lease.

e Settlement expenses. Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for:

(a) The preparation and presentation to awarding agency of settlement claims and supporting data with respect to the terminated portion of the award, unless the termination is for default. (See paragraph 4 a of Attachment L OMB Circular No. A-110 and

(b) The termination and settlement of subawards.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Government or acquired or produced for the award, except when grantees are reimbursed for disposals at a predetermined amount in accordance with Attachment N of OMB Circular A-110.

(3) Indirect costs related to salaries and wages incurred as settlement expenses in subparagraphs (1) and (2) of this paragraph. Normally, such indirect costs shall be limited to fringe benefits, occupancy cost, and immediate supervision.

f Claims under subawards. Claims under subawards, including the allocable portion of claims which are common to the award and to other work of the organization are generally allowable. An appropriate share of the organization's indirect expense may be allocated to the amount of settlements with subcontractor/subgrantees, provided that the amount allocated is otherwise consistent

with the basic guidelines contained in Attachment A. The indirect expense so allocated shall exclude the same and similar costs claimed directly or indirectly as settlement expenses.

48 Training and education costs

a Costs of preparation and maintenance of a program of instruction including but not limited to on-the-job, classroom, and apprenticeship training, designed to increase the vocational effectiveness of employees, including training materials, textbooks, salaries or wages of trainees (excluding overtime compensation which might arise therefrom), and (i) salaries of the director of training and staff when the training program is conducted by the organization or (ii) tuition and fees when the training is in an institution not operated by the organization are allowable.

b Costs of part-time education, at an undergraduate or postgraduate college level, including that provided at the organization's own facilities, are allowable only when the course or degree pursued is relative to the field in which the employee is now working or may reasonably be expected to work, and are limited to:

(1) Training materials.

(2) Textbooks.

(3) Fees charged by the educational institution.

(4) Tuition charged by the educational institution or in lieu of tuition, instructors' salaries and the related share of indirect costs of the educational institution to the extent that the sum thereof is not in excess of the tuition which would have been paid to the participating educational institution.

(5) Salaries and related costs of instructor who are employees of the organization.

(6) Straight-time compensation of each employee for time spent attending classes during working hours not in excess of 156 hours per year and only to the extent that circumstances do not permit the operation of classes or attendance at classes after regular working hours, otherwise such compensation is unallowable.

c Costs of tuition fees, training materials, and textbooks (but not subsistence, salary, or any other emolument) in connection with full-time education, including that provided at the organization's own facilities, at a postgraduate (but not undergraduate) college level are allowable only when the course or degree pursued is related to the field in which the employee is now working or may reasonably be expected to work, and only where the costs receive the prior approval of the awarding agency. Such costs are limited to the costs attributable to a total period not to exceed one school year for each employee so trained. In unusual cases the period may be extended.

d Costs of attendance of up to 16 weeks per employee per year at specialized programs specifically designed to enhance the effectiveness of executives or managers or to prepare employees for such positions are allowable. Such costs include enrollment fees, training materials, textbooks, and related charges, employee salaries, subsistence, and travel. Costs allowable under this paragraph do not include those courses that are part of a degree-oriented

curriculum, which are allowable only to the extent set forth in b and c above.

e. Maintenance expense and normal depreciation of low rental or facilities owned or leased by the organization for training purposes are allowable to the extent set forth in paragraphs 42 and 43.

f. Contributions or donations to educational or training institutions, including the donation of facilities or other properties, and scholarships or fellowships are allowable.

g. Training and education costs in excess of those otherwise allowable under paragraphs b and c of this paragraph may be allowed with prior approval of the awarding agency. To be considered for approval, the organization must demonstrate that such costs are consistently incurred pursuant to an established training and education program, and that the course or degree pursued is relative to the field in which the employee is now working or may reasonably be expected to work.

48. **Transportation costs.** Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased in process or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be directly charged as transportation costs or added to the cost of such items (see paragraph 23). Where identification with the materials received cannot readily be made, transportation costs may be charged to the appropriate indirect cost accounts if the organization follows a consistent, equitable procedure in this respect.

50. **Travel costs.**

a. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the organization. Travel costs are allowable subject to paragraphs b through e below when they are directly attributable to specific work under an award or are incurred in the normal course of administration of the organization.

b. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used results in charges consistent with those normally allowed by the organization in its regular operations.

c. The difference in cost between first-class air accommodations and less than first-class air accommodations is allowable except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements, such as where less than first-class accommodations would (i) require circuitous routing, (ii) require travel during unreasonable hours, (iii) greatly increase the duration of the flight, (iv) result in additional costs which would offset the transportation savings, or (v) offer accommodations which are not reasonably adequate for the medical needs of the traveler.

d. Necessary and reasonable costs of family movements and personnel movements of a special or mass nature are allowable, pursuant to paragraphs 40 and 41, subject to

allocation on the basis of work or time period benefited when appropriate. Advance agreements are particularly important.

e. Direct charges for foreign travel costs are allowable only when the travel has received prior approval of the awarding agency. Each separate foreign trip must be approved. For purposes of this provision, foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. However, for an organization located in foreign countries, the term "foreign travel" means travel outside that country. (Circular No. A-122)

Attachment C

Nonprofit Organizations not Subject to this Circular

Aerospac Corporation, El Segundo, California

Argonne Universities Association, Chicago, Illinois

Associated Universities, Incorporated, Washington, D.C.

Associated Universities for Research and Astronomy, Tucson, Arizona

Atomic Casualty Commission, Washington, D.C.

Battelle Memorial Institute, Headquartered in Columbus, Ohio

Brookhaven National Laboratory, Upton, New York

Center for Energy and Environmental Research (CEER) (University of Puerto Rico) Commonwealth of Puerto Rico

Charles Stark Draper Laboratory, Incorporated, Cambridge, Massachusetts

Comparative Animal Research Laboratory (CARL)

(University of Tennessee) Oak Ridge, Tennessee

Environmental Institute of Michigan, Ann Arbor, Michigan

Hanford Environmental Health Foundation, Richland, Washington

IT Research Institute, Chicago, Illinois

Institute for Defense Analysis, Arlington, Virginia

Institute of Gas Technology, Chicago, Illinois

Midwest Research Institute, Headquartered in Kansas City, Missouri

Mitre Corporation, Bedford, Massachusetts

Montana Energy Research and Development Institute, Inc. (MERDI), Butte, Montana

National Radiological Astronomy Observatory, Green Bank, West Virginia

Oak Ridge Associated Universities, Oak Ridge, Tennessee

Project Management Corporation, Oak Ridge, Tennessee

Rand Corporation, Santa Monica, California

Research Triangle Institute, Research Triangle Park, North Carolina

Riverside Research Institute, New York, New York

Sandia Corporation, Albuquerque, New Mexico

Southern Research Institute, Birmingham, Alabama

Southwest Research Institute, San Antonio, Texas

SRJ International, Menlo Park, California

Syracuse Research Corporation, Syracuse, New York

Universities Research Association, Incorporated (National Acceleration Lab), Argonne, Illinois

Universities Corporation for Atmospheric Research, Boulder, Colorado

Nonprofit Insurance Companies such as Blue Cross and Blue Shield Organizations

Other nonprofit organizations as negotiated with awarding agencies.

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(Note: This reprint incorporates corrections published at 45 FR 17185, Tuesday, March 17, 1981.)

ATTACHMENT 1

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to improve the operational effectiveness of the Grantee's Human Rights Investigation Cell, as more specifically described in Attachment 2 to this Cooperative Agreement entitled "Program Description," and the proposal in Attachment 3

B. Period of Grant

1. The effective date of this Grant is August 30, 1990. The expiration date of this Grant is August 29, 1991.

C. Method of Payment and Amount of Grant

1. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3, Standard Provision No. 02, entitled "Payment - Periodic Advance."

2. AID hereby obligates the amount of Taka 1,638,726 (NTE US\$46,150) for purposes of this Grant.

D. Budget

The following is the Budget Plan for this Grant. Revisions to this Plan shall be made in accordance with the Standard Provision of this Grant, entitled "Revision of Budget."

<u>Budget Category</u>	<u>Estimated Cost (Taka)</u>
1. Salaries	Tk. 210,000
2. Vehicle & Equipment	1,032,726
3. Training	196,000
4. Travel & Miscellaneous	<u>200,000</u>
Total Estimated Cost	Tk. 1,638,726 (NTE US\$46,150)

E. Reporting and Evaluation

1. Reporting

a. A Quarterly Report will be submitted to USAID as described in the Program Description in Attachment Two. The reports will be submitted to the Deputy Director of the Program Office, USAID/Dhaka.

b. A Final Report will be submitted at the conclusion of this Grant, as described in the Program Description in Attachment Two. The report will be submitted to the Deputy Director of the Program Office, USAID/Dhaka.

c. A Financial Report will be submitted to the USAID Controller's Office as required.

2. Evaluations

a. Audits or other financial reviews may be required by USAID periodically.

b. An evaluation, reviewing improved utility and service to the aims of the Grantee, will be conducted informally by USAID, or its representatives, during the last three months of this Grant period.

F. Special Provision

The following Optional Standard Provisions do not apply to this Grant:

Number	Title
2	Payment - Cost Reimbursement
9	Patent Rights
15	Protection of the Individual as a Research Subject
16	Negotiated Indirect Cost Rates - Provisional
19	Title to and Care of Property (U.S. Government Title)
20	Title to and Care of Property (Cooperating Country Title)

G. Title to Property

Upon completion of this Grant, title to equipment and supplies procured under this Agreement will be vested in the Grantee.

H. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this Grant is 941 and Bangladesh. Any procurement from countries not within these geographic codes must be supported by an individual transaction waiver approved in the Mission or a blanket waiver approved by A.I.D. in Washington. Note that local cost financing is approved under this Grant.

Ocean freight shipping financed under this Grant shall be financed only on flag vessels of the United States, other countries in A.I.D. Geographic Code 941 and Bangladesh.

I. Cost Principles

The cost principles applicable to this Grant are those contained in OMB Circular A-122, entitled "Cost Principles for Non-Profit Organizations."

J. Cost Sharing (Matching)

USAID has estimated the value of volunteer time donated to the Grantee's investigative and follow-up work and finds it clearly exceeds 25% of the total Grant costs. Accordingly, the requirements of cost sharing/matching are met.

Attachment Two

PROGRAM DESCRIPTION

The Human Rights Support Project (388-0091) is a newly-established project under which USAID/Bangladesh intends to provide \$46,150 in a grant to the Bangladesh Society for the Enforcement of Human Rights (BSEHR).

The grant will be for a period of 12 months. The funds will be used to improve the operational effectiveness of its newly-established (1988) Human Rights Investigation Cell, through the provision of additional equipment and training.

BSEHR was established in 1979 as a non-profit organization to monitor the enforcement of the laws of Bangladesh that protect the civil rights of Bangladeshi citizens. As part of that objective, BSEHR supports efforts to protect those rights, pursues through legal and judicial channels their perceived violations, and seeks to keep individual citizens informed about their rights and their options for redressing grievances.

The Human Rights Investigation Cell has the responsibility of investigating any specific complaint regarding civil/human rights violations which individuals or groups would like BSEHR to pursue. The work of the Cell enables BSEHR to address the violations through legal and judicial channels. The work of the Cell also builds an evidential base of confirmed case studies of civil rights violations, and allows BSEHR to address relevant issues (such as the need for alteration of legal codes) at regional or national levels.

Under this project, BSEHR will upgrade the operational effectiveness of the Investigation Cell through the following activities.

(a) The provision of greater salary support for the Cell's current Director, Assistant Director, Secretary, and Accountant. Currently, these functions are being provided on an ad hoc basis by qualified professional who receive either no or minimal remuneration for their services.

(b) The provision of a vehicle, video camera, VCR, TV, still camera, cassette recorder, computer, and photocopier. The equipment will be used principally to allow for investigating specific incidents and recording any supportive evidence.

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(c) The provision of training for 100 volunteer investigators, to improve investigative and analytical skills in assessing reported incidents.

(d) The provision of funds to cover travel expenses associated with the investigation field trips, such as communications, transport costs of plaintiffs, etc.

The contributions of the volunteer investigative staff constitute well over 25% contribution (of the grant) required of grantee organizations receiving AID funds.

Reporting requirements. BSEHR will submit three quarterly reports within four, eight, and twelve months of the signing of the grant. The quarterly reports will provide information on the current status of project activities and accomplishments of the preceding quarter. The final report should also discuss the extent to which accomplishments were contributing to improving the Cell's operations and impact.

If the Cell can demonstrate improved utility and service to the aims of BSEHR, additional multi-year support will be requested under other ongoing institutional support which BSEHR receives from donors. The intent is to maintain some degree of support for the Cell until it becomes a more established and effective investigative arm of BSEHR.

End of Attachment