

**SOLICITATION, OFFER AND AWARD**

1. SOLICITATION NUMBER: 306-C-00-11-00531-00

2. OFFEROR INFORMATION:  
 OFFEROR NAME: Chemonics International Inc.  
 ADDRESS: 1717 H Street NW, Washington DC 20006

**PHOENIX OBLIGATION**  
 Amount: 7,500,000  
 FEB 02 2011

3. SOLICITATION TYPE: **SOLICITATION**  
 Requested By: \_\_\_\_\_ On \_\_\_\_\_  
 Reviewed By: \_\_\_\_\_ On \_\_\_\_\_  
 Submitted By: \_\_\_\_\_ On \_\_\_\_\_  
 Document Type: \_\_\_\_\_

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**OFFER (Must be fully completed by offeror)**

NOTE: Item 12 does not apply if the solicitation indicates the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees if the offer is accepted within \_\_\_\_\_ calendar days (20 calendar days unless a different period is specified by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price(s) specified herein, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52.232-8)

|                      |                      |                      |                   |
|----------------------|----------------------|----------------------|-------------------|
| 10 CALENDAR DAYS (%) | 20 CALENDAR DAYS (%) | 30 CALENDAR DAYS (%) | CALENDAR DAYS (%) |
|----------------------|----------------------|----------------------|-------------------|

14. ACKNOWLEDGEMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offers and related documents numbered and dated:

| AMENDMENT NO. | DATE | AMENDMENT NO. | DATE |
|---------------|------|---------------|------|
|---------------|------|---------------|------|

15A. NAME AND ADDRESS OF OFFEROR

CODE: \_\_\_\_\_ FACILITY: \_\_\_\_\_

Chemonics International Inc.  
 1717 H Street NW  
 Washington DC 20006

16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)

17. TELEPHONE NUMBER (Area Code, Number, Ext.)

18. CHECK IF REINSTATEMENT ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE

19. OFFER DATE: 2/4/2011

**AWARD (To be completed by Government)**

19. ACCEPTED AS TO ITEMS NUMBERED: \_\_\_\_\_

20. AMOUNT: \$63,619,488.00

21. ACCOUNTING AND APPROPRIATION (See section G, 6 ACCOUNTING AND APPROPRIATION DATA)

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION

10 U.S.C. 2304(a) (1)  41 U.S.C. 253(a) (1)

23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified)

ITEM: \_\_\_\_\_

24. ADMINISTERED BY (if contract is to be administered by other than the contracting officer)

Office of Acquisition and Assistance  
 USAID/Afghanistan  
 Great Massoud Road  
 Kabul-Afghanistan

25. PAYMENT WILL BE MADE BY

Office of Financial Management  
 USAID/Afghanistan  
 Great Massoud Road  
 Kabul, Afghanistan

26. NAME OF CONTRACTING OFFICER (Type or print)

Roy Plucknett

27. UNITED STATES OF AMERICA

*Roy Plucknett*  
 (Signature of Contracting Officer)

28. AWARD DATE: 2-7-2011

2 CONTRACT NUMBER: **306-C-00-11-00531-00**      3 SOLICITATION NUMBER:      4 TYPE OF SOLICITATION:  SEALED BID (SFB)  NEGOTIATED (RFP)      5 DATE ISSUED: See Block 28      6 REQUISITION/PURCHASE NUMBER:

7 ISSUED BY: Office of Acquisition and Assistance, USAID/Afghanistan, Great Massoud Road, Kabul - Afghanistan. CODE:      8 ADDRESS OFFER TO: (If other than Item 7): **PHOENIX OBLIGATION**  
Amount: **190,160,000.00**  
FEB 03 2011

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".      **SOLICITATION**  
9. Electronic proposal for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand-carried, in the depository location until:      Requested By: On:      Reviewed By: On:      Submitted By: On:      Document Type: (Date)

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All Offers are subject to all terms and conditions contained in this solicitation.  
10. FOR INFORMATION CALL:      A. NAME:      B. TELEPHONE (NO COLLECT CALLS): AREA CODE | NUMBER | EXT.      C. E-MAIL ADDRESS:

11. TABLE OF CONTENTS      See Attached Table of Contents pages 1-3

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**OFFER (Must be fully completed by offeror)**

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.  
12. In compliance with the above, the undersigned agrees, if this offer is accepted within \_\_\_\_\_ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.  
13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52-232-6):      10 CALENDAR DAYS (%)      20 CALENDAR DAYS (%)      30 CALENDAR DAYS (%)      CALENDAR DAYS (%)  
14. ACKNOWLEDGEMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated):      AMENDMENT NO.      DATE      AMENDMENT NO.      DATE

15A. NAME AND ADDRESS OF OFFEROR:      CODE:      FACILITY:      16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print):

**Chemonics International Inc.**  
**1717 H Street NW**  
**Washington DC 20006**

15B. TELEPHONE NUMBER: AREA CODE | NUMBER | EXT.      17. SIGNATURE:      18. OFFER DATE:

15C CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE

**AWARD (To be completed by Government)**

19. ACCEPTED AS TO ITEMS NUMBERED:      20. AMOUNT: **\$63,619,488.00**      21. ACCOUNTING AND APPROPRIATION: See section G, 6 ACCOUNTING AND APPROPRIATION DATA  
22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION:  10 U.S.C. 2304(a) ( )       41 U.S.C. 253(c) ( )      23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified)      ITEM:  
24. ADMINISTERED BY (If other than Item 7): CODE: Office of Acquisition and Assistance, USAID/Afghanistan, Great Massoud Road, Kabul-Afghanistan      25. PAYMENT WILL BE MADE BY: CODE: Office of Financial Management, USAID/Afghanistan, Great Massoud Road, Kabul, Afghanistan  
26. NAME OF CONTRACTING OFFICER (Type or print): **Roy Plucknett**      27. UNITED STATES OF AMERICA      28. AWARD DATE:

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## ACRONYMS AND ABBREVIATIONS

|          |  |
|----------|--|
| ABA      | Afghanistan Banks Association  |
| ACE      | Agriculture Credit Enhancement Program                                   |
| ACSP     | Afghanistan Credit Support Program                                       |
| ADF      | Agricultural Development Fund  |
| ADIC     | Afghanistan Deposit Insurance Corporation                                |
| AIB      | Afghanistan International Bank   |
| AIBF     | Afghanistan Institute of Banking and Finance                             |
| AMA      | Afghanistan Microfinance Association                                     |
| AREDP    | Afghanistan Rural Enterprise Development Program                         |
| ARFC     | Afghanistan Rural Finance Company  |
| ARIES    | Agriculture, Rural Investments and Enterprise Strengthening              |
| ASAP     | Accelerating Sustainable Agriculture Program                             |
| ASMED    | Afghanistan Small and Medium Enterprise Development                      |
| AUB      | Afghanistan United Bank  |
| AVIPA    | Afghanistan Vouchers for Increased Production in Agriculture             |
| BDS      | Business Development Services  |
| CAMELS   | Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity |
| CDC      | Community Development Council  |
| CERP     | Commander's Emergency Response Program                                   |
| CFA      | Child Fund Afghanistan   |
| DAB      | Da Afghanistan Bank  |
| DCA      | Development Credit Authority   |
| DEG      | Deutsche Investitions  |
| DoD      | Department of Defense  |
| EGGI     | Economic Growth and Governance Initiative                                |
| FAIDA    | Financial Access for Investing in the Development of Afghanistan         |
| FMFB     | First MicroFinance Bank  |
| FSC      | Farm Service Center  |
| GIRoA    | Government of the Islamic Republic of Afghanistan                        |
| IDEA-NEW | Incentives Driving Economic Alternatives – North, East, West             |
| IIFC     | Islamic Investment Finance Cooperative                                   |
| LGCD     | Local Governance and Community Development                               |
| M&E      | Monitoring & Evaluation  |
| MAIL     | Ministry of Agriculture, Irrigation and Livestock                        |
| MFI      | Microfinance Institution   |
| MIS      | Management Information System  |
| MISFA    | Microfinance Investment Support Facility for Afghanistan                 |
| MOU      | Memorandum of Understanding  |
| MRRD     | Ministry of Reconstruction and Rural Development                         |
| MSME     | Micro, Small, & Medium Enterprises                                       |
| NBFI     | Non-bank Financial Institution   |
| OPIC     | Overseas Private Investment Corporation                                  |
| OAG      | Office of Agriculture  |
| PMP      | Performance Management Plan  |
| PRT      | Provincial Reconstruction Team   |
| SAF      | Strategic Activities Fund  |
| SME      | Small & Medium Enterprise  |

USAID  
VFU

United States Agency for International Development  
Veterinary Field Unit

**SECTION B: SUPPLIES OR SERVICES AND PRICE/COSTS**

**B.1 PURPOSE**

*The purpose of Financial Access for Investing in the Development of Afghanistan (FAIDA) is to build a sustainable, diverse and inclusive financial sector that can generate and sustain quality employment to meet the needs of micro, small and medium enterprises (MSMEs) throughout the country, with a special focus on the agricultural sector and the southern and eastern regions.*

**B.2 CONTRACT TYPE**

This is a Cost-Plus Fixed Fee term contract.

**B.3 ESTIMATED COST, FIXED FEE, AND OBLIGATED AMOUNT**

(a) The total estimated cost plus fixed fee for the initial base period is 



The total estimated cost plus fixed fee for the entire life of the award including all option periods is **\$151,495,093.00**.

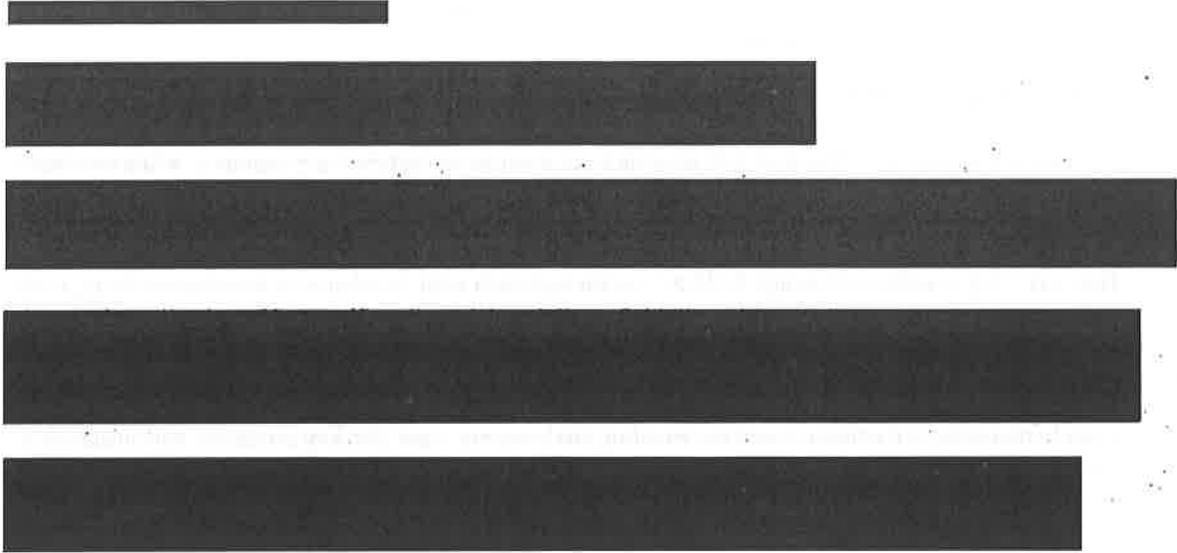
(b) Funds obligated hereunder \$20,160,000.00 are anticipated to be sufficient for performance through April 30, 2011.

**B.4 INDIRECT COSTS**

Pending establishment of revised provisional or final indirect cost rates, allowable indirect costs shall be reimbursed on the basis of the following negotiated provisional or predetermined rates and the appropriated bases:

| Description     | Rate | Base | Type | Period |
|-----------------|------|------|------|--------|
| Fringe Benefits |      |      |      |        |
| Fringe Benefits |      |      |      |        |
| Overhead Home   |      |      |      |        |
| Overhead Field  |      |      |      |        |
| G&A             |      |      |      |        |





[END OF SECTION B]

## SECTION C: DESCRIPTION/SPECIFICATIONS/STATEMENT OF OBJECTIVES

### SCOPE OF WORK

#### C. 1. Executive Summary

The objective of the Financial Access for Investing in the Development of Afghanistan (FAIDA)<sup>1</sup> project is job creation through a sustainable, diverse and inclusive financial sector that can meet the needs of MSMEs throughout the country, with a special focus on the agricultural sector and the southern and eastern regions. FAIDA will employ a “financial system”<sup>2</sup> approach, with work at three levels to ensure that large numbers of MSMEs have access to a diverse range of financial services:

- At the *micro level* (retail financial institutions), Afghanistan’s financial sector will see a dramatic enhancement in the outreach of retail financial institutions on all levels: achieving large numbers of clients, reaching multiple segments of clients, and achieving broad geographic coverage.
- At the *meso level* (financial market infrastructure), Afghanistan’s financial sector will experience a build-up in support services and system infrastructure, including enhanced access to growth capital, a market for technical support and education services, enhanced advocacy capacity and an effective knowledge management infrastructure.

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<sup>1</sup> “FAIDA” means “profit, gain or benefit” in many languages across the world, including Dari, Pashto, Urdu, Hindi and Swahili.

<sup>2</sup> For more information, see CGAP’s “Good Practice Guidelines for Funder of Microfinance: Microfinance Consensus Guidelines” (Oct 2006); Available from <http://www.cgap.org/p/site/c/template.rc/1.9.2746>.

- At the *macro level* (policy environment), Afghanistan's financial sector will benefit from an improved enabling environment.<sup>3</sup>

While FAIDA is intended to be a nationwide financial sector development project, it will also support development of specialized regional strategies to meet local needs. The increased presence of impactful services in *non-permissive*<sup>4</sup> regions will provide an alternative to destabilizing elements, while continued attention to Kabul and the north will enable FAIDA to build upon achievements to date in *permissive* areas where more traditional development assistance is required. To this end, FAIDA will ensure close collaboration with the expertise and resources of Regional Platforms and Provincial Reconstruction Teams (PRTs) in order to leverage FAIDA's sector approach with development investments being made at the provincial and regional levels.

Finally, FAIDA recognizes that while the lack of financial services is a major obstacle faced by enterprises in Afghanistan, non-financial services obstacles – like marketing, technical capacity, value chain bottlenecks, infrastructure and the enabling environment – are also key obstacles, and sustainable enterprise development depends on an integrated approach of mutually reinforcing interventions to maximize investments for enterprise growth. FAIDA will therefore identify strategies to build on and leverage other economic recovery efforts supported by USAID and other donors, including, but not limited to infrastructure investments, industrial parks and/or economic growth corridors.

This activity's results and sub-results will support USAID's Assistance Objective 04 "*A Developed Business Climate that Enables Private Investment, Job Creation, and Financial Independence,*" and will be linked to USAID's Intermediate Results (IRs) IR 4.3 "*Competitiveness of Private Sector Enhanced,*" and IR 4.3.1, "*Capacity of Private Sector Financial Institutions Increased.*"

## C. 2. STATEMENT of Work

In pursuit of the above-mentioned objective, the FAIDA project is organized under three main results expected to be realized by employing a "financial system" approach.

- Result 1:**            **Enhanced outreach of retail financial institutions (*micro level*)**
- Sub-Result 1.1:    Increased disbursements of lending capital to underserved MSMEs
  - Sub-Result 1.2:    Enhanced human and institutional capacity
  - Sub-Result 1.3:    Increased range of client-responsive financial products and delivery mechanisms
- Result 2:**            **Enhanced capacity of financial system support services and infrastructure (*meso level*)**
- Result 3:**            **Improved enabling environment for private sector-led financial sector development (*macro level*)**

The components and results outlined below are followed by activities and types of assistance that FAIDA program will contribute to Afghanistan's financial sector-development. The contractor may propose, with

<sup>3</sup> USAID awarded the Economic Governance and Growth (EGGI) project in August 2009. The project supports the strengthening of the overall governance of the financial system. FAIDA and EGGI are expected to complement one another by coordinating the demands of retail financial institutions with EGGI's legal and supervisory support.

<sup>4</sup> A "non-permissive" operational environment is one in which there is an active conflict and/or where the host government cannot or will not give permission to humanitarian activities.

justification, additional and creative tasks under each component if it is believed that these will better serve to achieve the results.

## **I. Interventions**

### **Result 1: Micro Level: Enhanced Outreach of Retail Financial Institutions**

#### **Sub-Result 1.1: Increased Lending to Underserved MSMEs**

Working with MISFA and other stakeholders, develop a targeted expansion strategy for banks, MFIs, and other lenders to reach underserved markets. Technical support to MISFA will include market research, product development and roll-out efforts, and to monitor loan portfolios to ensure loan quality is maintained during expansion. Specific activities during year 1 include:

- i. Design a results-based funding strategy to match funding with progress against established targets
- ii. Increase monitoring of economic and social impact indicators to report on social impact and develop a quasi-credit bureau primarily geared to MFI needs
- iii. Design market research studies to inform client needs and product design
- iv. Support MISFA capacity to review MFI audited reports and strengthen offsite and onsite audit functions
- v. Design rural/agricultural finance and Sharia-compliant financial products
- vi. Conduct client-centered public awareness campaigns
- vii. Increase the number of MSME partner institutions and penetration of MSME lending in rural areas and agriculture-related sectors

The contractor will make support services available to all financial institutions that currently operate or have the potential to expand MSME finance, but will prioritize support to high growth institutions to rapidly expand outreach and maximize USAID's investment. The contractor will support MFI, and if warranted commercial bank branch expansion into hard-to-reach, underserved markets, especially in the South and East, tying access to funding to time-bound, quantified indicators related to sustainable outreach. Product development efforts will emphasize agricultural lending, with an emphasis on microfinance for enterprises such as small-scale dairy, livestock, and poultry financing, which are important tools to increase women's access to finance. To further assist outreach, with particular emphasis on women-owned MSMEs, the contractor will collaborate with business associations (e.g., the Afghanistan Chamber of Commerce and Industry, the Peace Dividend Trust) to mine their membership for attractive financing opportunities. The contractor will link participating lenders with network financing activities described below.

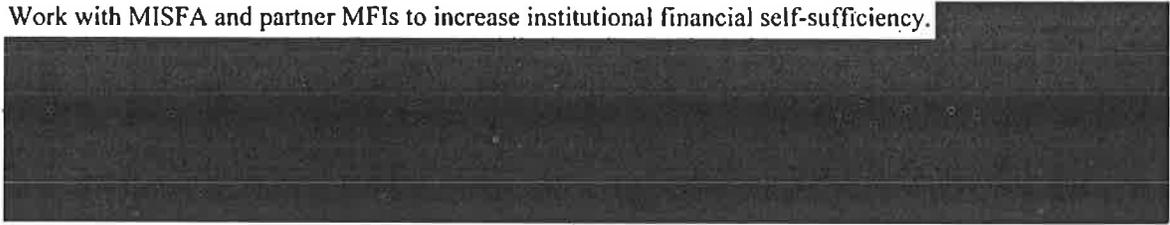
#### *(a) Support structured strategies to attract private capital*

Develop structured funding strategies to attract private capital, assist with developing tools, such as credit scorecards, to increase institutional "readiness" for market-based funds, and help facilitate partnerships with guarantee facilities through MISFA, ACSP, Bank Alfalah and other facilities as they may be established.

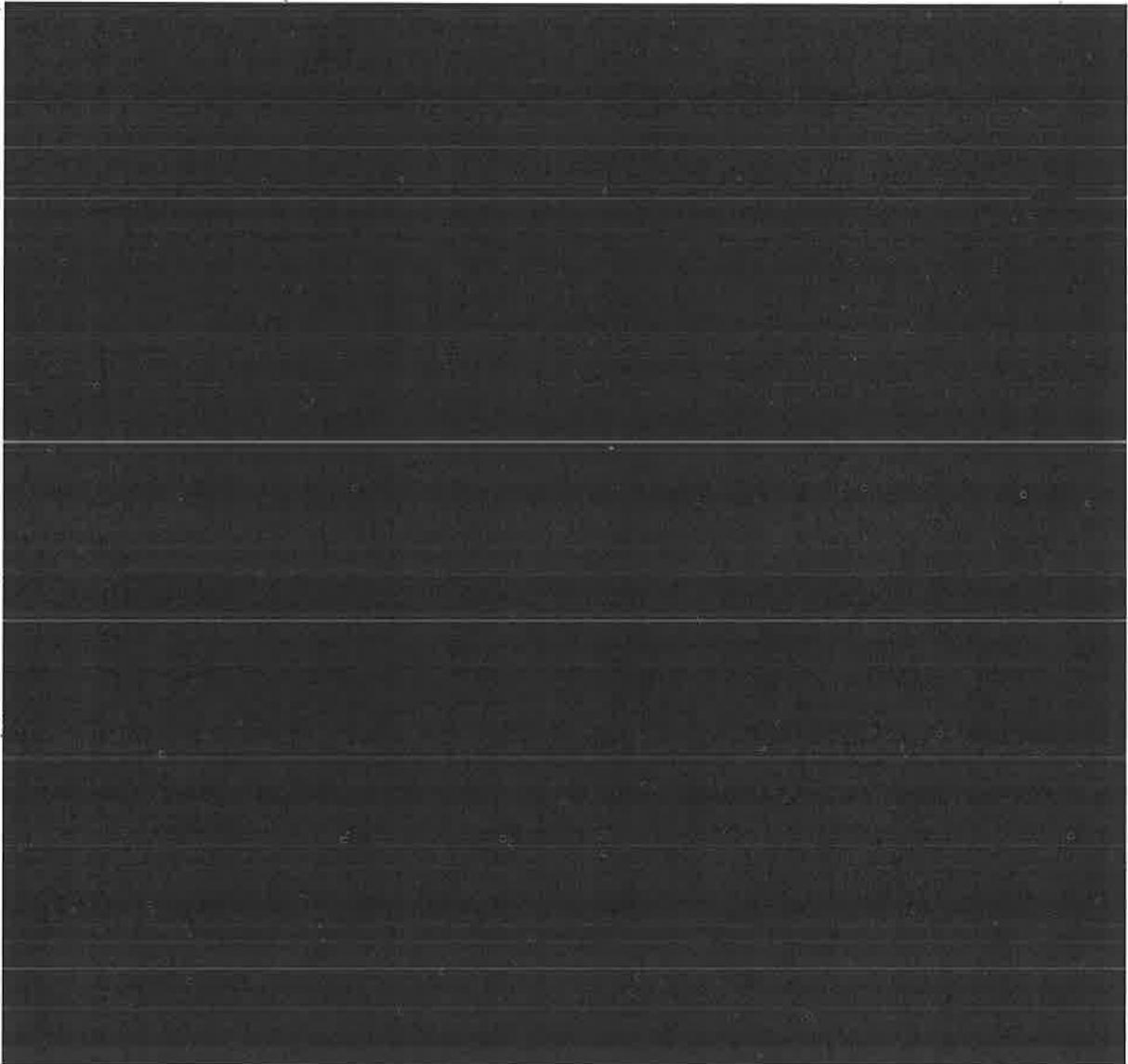


*(b) Support the transformation of promising MFIs into deposit-taking institutions*

Work with MISFA and partner MFIs to increase institutional financial self-sufficiency.



*(c) Leverage existing networks as part of a national expansion strategy for MSME finance, with emphasis on the South and East.*

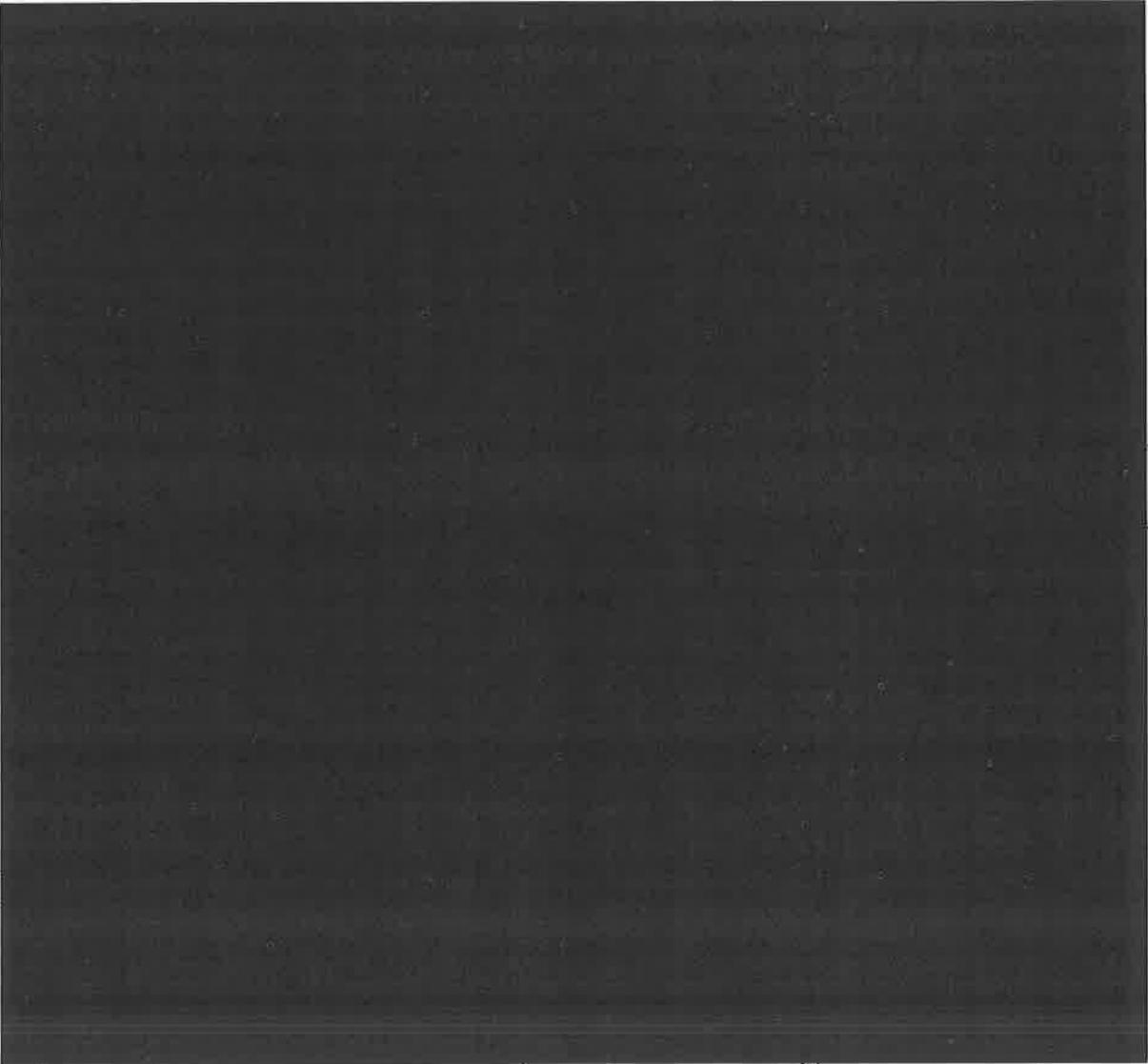


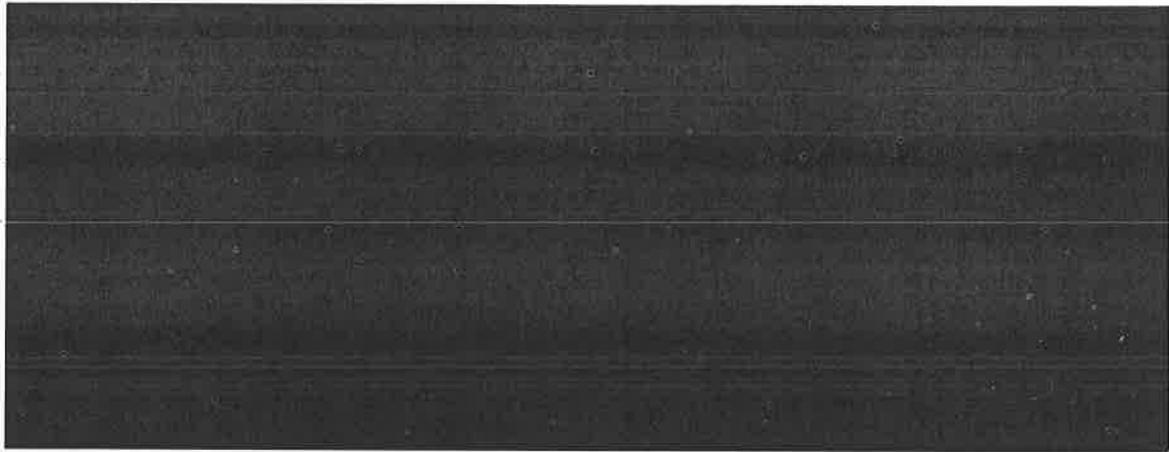


*(d) Leverage USAID's agriculture and economic growth programs to increase "effective demand" for finance within value chains and networks*

To address constraints of financing to rural and agricultural value chains, coordinate with USAID's agriculture and enterprise development projects (e.g., ACE, ASMED, LGCD, IDEA-NEW, and AVIPA) and local BDS firms to leverage their business-planning training and technical assistance programs to help MSMEs become creditworthy and be able to demonstrate their credit worthiness in connection with the credit process.

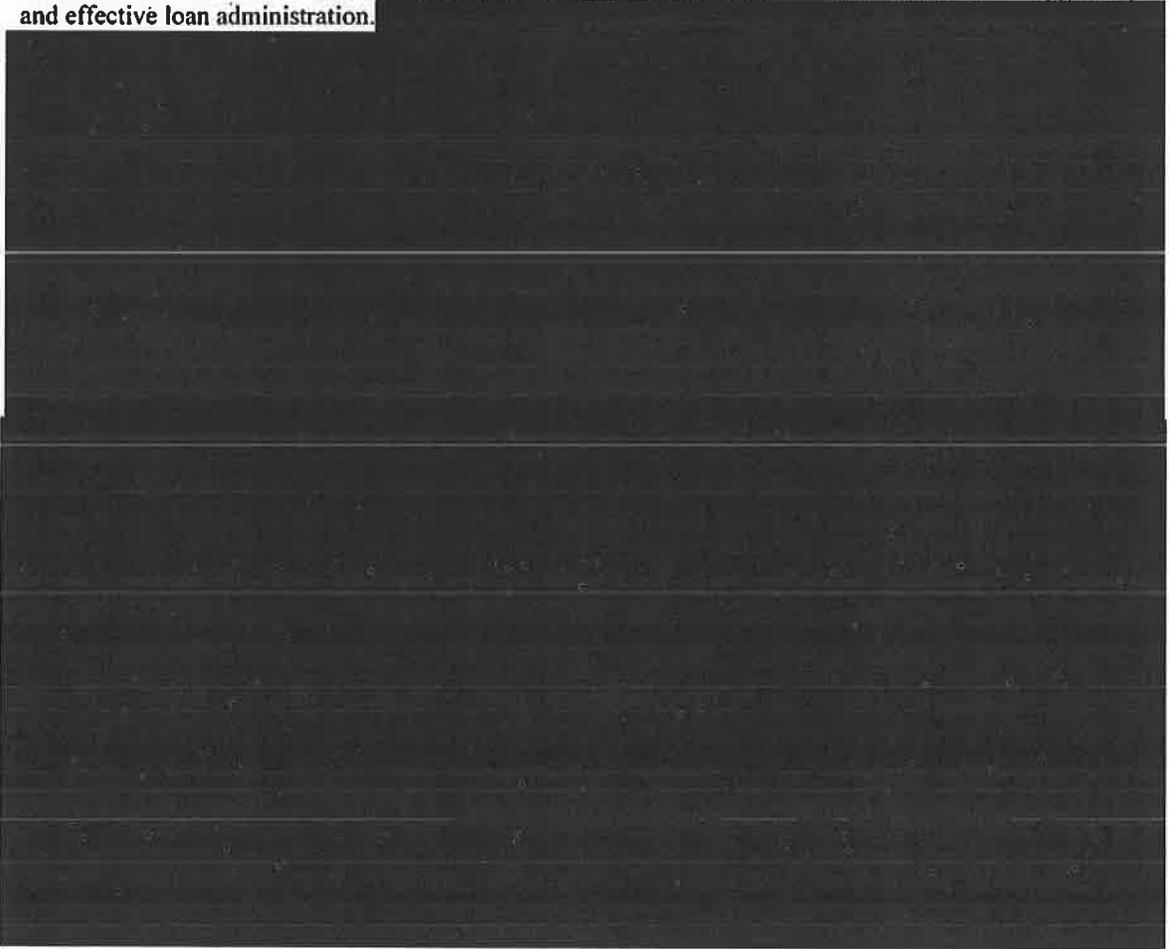
*(e) Provide financial incentives and technical assistance to Afghan financial institutions to jump-start agricultural and non-farm MSME lending*





*(f) Support MISFA's SME window*

Support MISFA to deliver to its partners dedicated technical assistance on client selection, credit and financial analysis, effective market research and product development, MIS enhancements and upgrades, and effective loan administration.



**Sub-Result 1.2: Enhanced Human and Institutional Capacity**

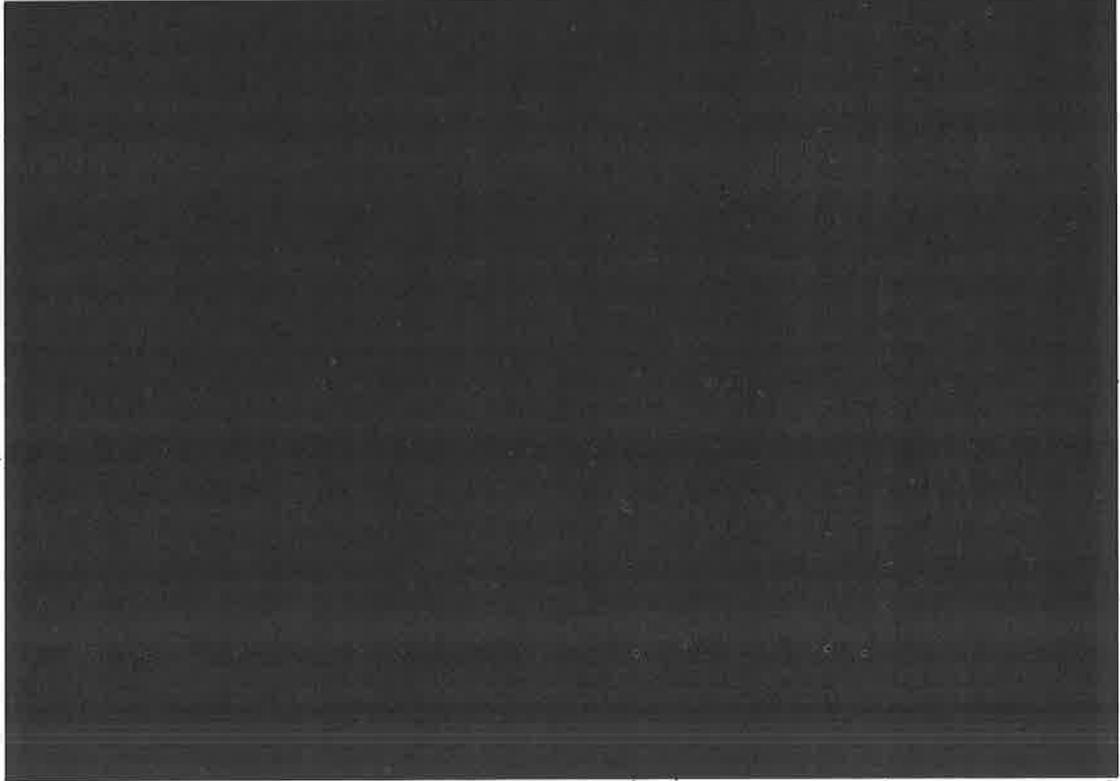
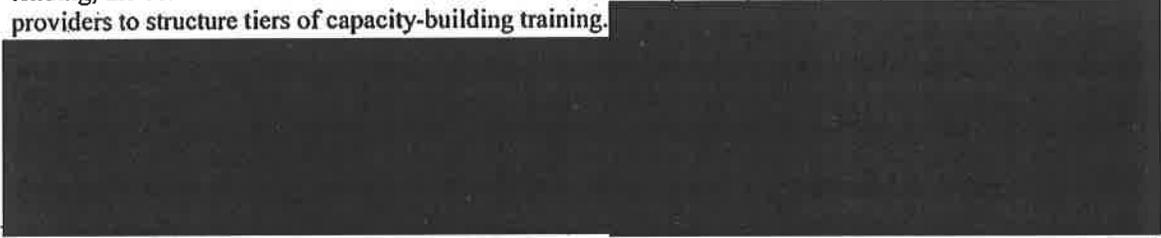
Financial institutions are only as strong as their people; it is essential to recruit, cultivate, and retain strong performers to facilitate sustainable expansion. Working with local partners, MISFA, AMA, and AIBF, and similar entities the contractor will implement activities to build and strengthen human and institutional capacity.

*(a) Standardize microfinance and SME finance best practices "toolkits"*

Develop a standardized, streamlined toolkit of best practices with product manuals, policy and procedural guides, tools, and templates. This will build on existing resources developed by ARIES program and MISFA, which will be adapted to the Afghanistan context.

*(b) Develop tiered delivery channels for training*

To Afghanize the delivery of best practices and ensure they become part of microfinance and SME lending, the contractor will work with entities such as MISFA, AMA, AIBF, and private-sector BDS providers to structure tiers of capacity-building training.



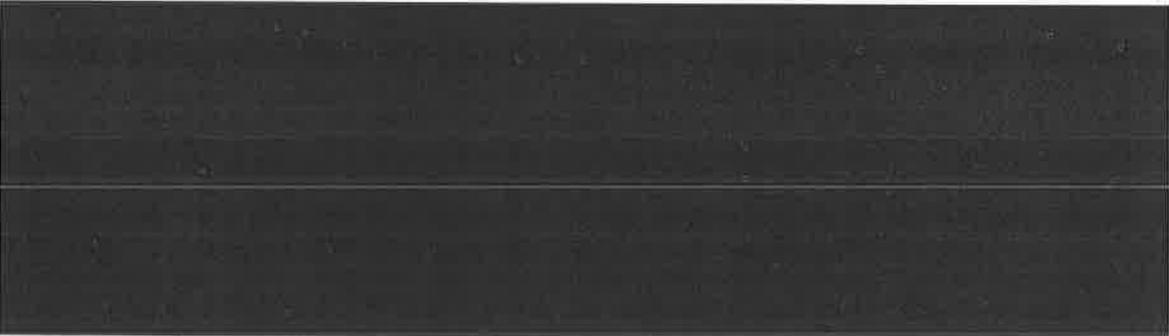


**Sub-Result 1.3: Increased Range of Client-Responsive Financial Products and Delivery Mechanisms**

One of the principal — if not the primary — hurdles curbing growth in Afghanistan is the lack of financial products that meet the needs of different market segments. Below are activities the contractor will implement to foster product development, incentivize product roll-out, and integrate new technologies to reduce costs and expand outreach.

*(a) Incentivize demand-driven product development through an Innovations Grant Fund*

Through the Innovations Grant Fund, provide small-grant awards to support market research and product development efforts of MISFA's partners, AMA members and other MSME lenders. This will promote innovation and expansion to new market segments, including women, youth, agricultural, and non-agricultural enterprises. Before determining the specific design and breadth of the market, the contractor will assess the availability of credit demand and supply data for the MSME and agricultural markets. The market-research design will include questions that assess clients' knowledge and perceptions of paying interest and related costs, and the degree to which religious beliefs influence their responses. The contractor will collaborate with MISFA, its partners, AMA members and other MSME lenders to develop and adapt products and delivery mechanisms that meet the specific needs of rural and agricultural MSMEs (e.g., repayments linked to crop cycles, use of Murahaba and Ijara for fixed assets such as farm equipment). At the same time, the contractor will develop approaches to mitigate risks (e.g., by linking repayments through an integral value chain actor such as an urban SME, certified via community kabala agreements).



*(b) Harness and innovate the power of technology — branchless banking and information and communication technologies*

Design and implement activities to promote the use of information and communication technologies/branchless banking to expand access to financial services. Transfer successful methodologies developed elsewhere to increase the efficiency and reduce the cost and risk of transferring money in Afghanistan. Roshan has been a trailblazer in efforts to link mobile platforms to the delivery of financial services, partnering with FMFB and Oxus to pilot their M-Paisa product to transfer money, repay MFI loans, and distribute salaries. Build on the current investments in branchless banking through global development alliances with Roshan and other new market entrants to facilitate expansion into rural areas and invest in further market research, product development, and client-focused marketing strategies.

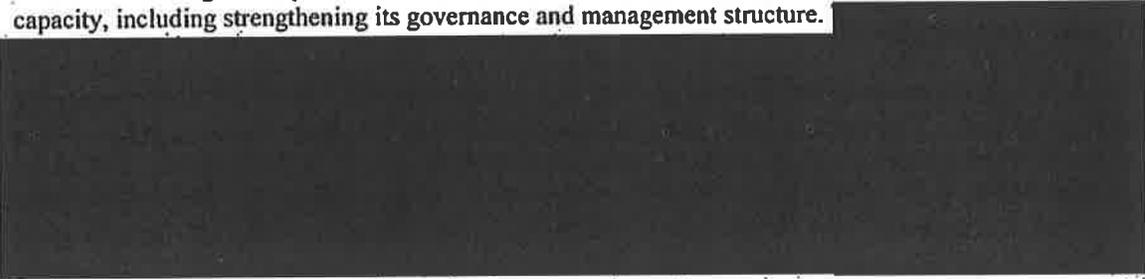
The contractor will also work toward increasing transparency of costing for MFIs and users. At a macro levels, collaborate with EGGI and other stakeholders to finalize the draft amendment to the Money Service Provider Law so it allows for the prudent expansion of mobile money and the expanded use of check cards/debit cards through an increased number of ATMs and retail infrastructures.

**Result 2: Meso Level: Enhanced Capacity of Financial System Support Services and Infrastructure**

By expanding MSME access to capital, FAIDA will invigorate the economy by helping build inclusive financial markets that extend into rural areas and unchartered territory in the South and East. At the same time, FAIDA must develop financial infrastructure and a broader range of support services to strengthen the sector. The contractor will identify strategic priorities and core functions for MISFA that leverage the organization's comparative advantage while strengthening business associations and the private sector to be the catalysts through which best practices, knowledge-sharing, and effective policy can be generated. Specific activities include:

*(a) Support implementation of MISFA Strategic Plan and long-term strategy*

To support MISFA as it transitions from an LLC managed by the Ministry of Finance/MRRD to a permanent institution that promotes the development and delivery of financial services suited to the needs of underserved segments, provide dedicated technical assistance to help MISFA develop its institutional capacity, including strengthening its governance and management structure.



*(b) Strengthen capacity of the AMA and other industry associations*

Support AMA and/or other industry associations to advance their operational strategy so they can become a participatory and sustainable association.



*(c) Strengthen private MSME sector support services*

Support the efforts of MISFA and other entities to train private-sector BDS providers to become trainers on best practices, tools, and techniques. To foster on-the-job learning, pair selected BDS providers with the contractor's training specialists to jointly deliver workshops at institutions and regional roundtable meetings.

*(d) Strengthen the capacity of the AIBF and other financial infrastructure*

In collaboration with the Afghanistan Banks Association (ABA), DAB, MISFA, and USAID, conduct a thorough review of the AIBF training curriculum.

[REDACTED]

In partnership with EGGI, the contractor will support other strategies to develop financial sector infrastructure that integrates the MSME sector, including the Afghanistan Deposit Insurance Corporation (ADIC), a new credit information bureau and collateral registry, and the MRRD's AREDP program, with which the contractor will collaborate closely to build buy-in and coordinate outreach at the district and village levels. Further, the contractor will coordinate with and leverage off other donors' activities at the meso and macro levels.

*(e) Support effective communications and knowledge-sharing.*

Working with a team of local communications specialists, actively monitor the local and international media, and share relevant resources to project staff and partners (e.g., new approaches to rural and agricultural finance and changing market or environmental conditions that could impact repayments). Furthermore, the contractor will craft quarterly e-newsletters to facilitate information- and knowledge-sharing related to the project and engage in mutually reinforcing activities to improve knowledge management systems.

**Result 3: Macro Level: Enhanced Capacity of Financial System Support Services and Infrastructure**

FAIDA has an important role in supporting an enabling environment for policy, legal, and regulatory matters to enhance transparency, promote expansion, and establish the rules of engagement in the financial sector for retail financial institutions. In coordination with EGGI and other stakeholders, build the capacity of AMA, AIBF and/or similarly focused entities to facilitate cooperation among financial institutions to advocate for effective government policy that will build a sustainable, robust financial system that fosters long-term economic development. The primary activities include:

*(a) Create performance standards*

Performance ratings are useful internal management tools; they provide incentives to increase financial performance and transparency and facilitate comparisons across countries. They are particularly useful indicators and benchmarks for institutions that are building deposits and seeking alternative sources of financing.

*(b) Establish a platform to promote an enabling policy environment*

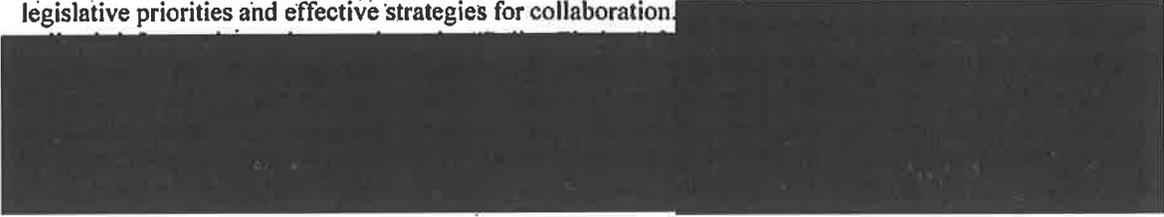
Organize a policy review with MISFA, AMA, ABA, AIBF, EGGI, and other key stakeholders to discuss regulatory and policy priorities and inform a policy agenda for Year 1. As part of this effort, the contractor will facilitate an effort to evaluate existing Non-Bank Financial Institutions (NBFIs) operating in Afghanistan, and make concrete recommendations on how such entities should be regulated and by what type of institutions (government vs. non-government), the type of legal framework, and identify gaps that may exist in the NBF network of entities. The contractor will support the election of policy "leads" for AMA, ABA or other industry associations to build direct ties between DAB and government institutions, facilitating their role as champions for the sector. To support them, the contractor will develop templates to track laws and policies and produce policy briefings and updates to present when the organizations' membership is convened (e.g., at bankers' breakfasts and national roundtables).

*(c) Inform advocacy efforts*

Laws to provide guidance for the sector have recently been passed or are pending approval. In consultation with EGGI and other stakeholders, the contractor will identify policy priorities for engagement. This may include: (1) modifying the existing Deposit-Taking Microfinance Institution law to better accommodate establishing an apex institution for the system of Islamic Investment and Finance Cooperatives and creating a law that more appropriately assists the transition to DAB regulation for MFIs that are ready to mobilize deposits; (2) reviewing the Islamic banking regulatory framework to inform market research efforts to develop Sharia-compliant products that are endorsed by religious leaders and acceptable to the public; and (3) active participation in developing an appropriate regulatory framework for electronic banking to expand mobile phone banking initiatives. The contractor will identify opportunities to promote innovation and expansion — and, as needed, collaborate with EGGI and other stakeholders to propose solutions, as appropriate, and maintain an active dialogue with DAB.

*(d) Engage DAB*

In all efforts, it is imperative that leadership within AMA, AIBF and other industry associations directly engage DAB and GIRoA to build a collaborative relationship in which DAB and Afghan government officials perceive value in information and analysis and use it to inform regulatory and legal efforts. The contractor will facilitate establishment of these relationships (e.g., with the Ministry of Parliamentary Affairs, Ministry of Justice, Ministry of Finance, Ministry of Commerce and Industry) and solicit input on legislative priorities and effective strategies for collaboration.



*(e) Develop partnerships and alliances*

The contractor will forge partnerships with local and international organizations (e.g., The Consultative Group to Assist the Poor, SEEP, the MIX Market) to facilitate knowledge-sharing and networking on the latest financial tools and trends.

**II. Regional Strategies**

In contrast to its predecessor ARIES, the FAIDA program is intended to be a nationwide financial sector development project, focused on expanding and deepening outreach across the country. This being said, a

national program cannot be successfully carried out in Afghanistan without placing the country's multi-faceted development needs in a regional, as well as a national, context. Indeed, Afghanistan is a complex country: not only is it landlocked, mountainous and bordering six different countries, it also has a tumultuous history that has resulted in a complex ethnic, cultural and religious mix. For this reason, the country is highly segmented by geography, particularly with respect to natural resources, livelihood strategies, refugees, ethnicity, religion, migration, security, narcotics and trade, with a pronounced divide between the troubled south of the country and the relatively stable north.

Available data from MISFA reveals a highly skewed distribution of microfinance services in Afghanistan, and financial services to MSMEs are even more skewed. To address these imbalances, the contractor will identify and implement specialized strategies for expanding provincial outreach, particularly in the southern and eastern regions.<sup>5</sup> The increased presence of impactful services in *non-permissive* provinces will provide a strategic avenue for building up forces against destabilizing elements, while continued attention to Kabul and the northern provinces will enable the contractor to build upon the traction that has already been developed in this region.

To this end, the Provincial Reconstruction Teams (PRTs)<sup>6</sup> – a new model of civil-military cooperation – are a critical tool for identifying and responding to “targets of opportunity” in the provinces and districts and achieving key impacts at the sub-national level. The contractor shall therefore identify a strategy for ensuring close collaboration with the PRTs, as well as provide opportunities for leveraging Department of Defense (DOD) Commander Emergency Response Program (CERP) funds as a means to enhance civ-mil cooperation and augment USAID resources for its activities.

The contractor will similarly identify strategies for complementing other development investments being made at the local level to maximize USAID investments for sustainable enterprise development, particularly with regard to infrastructure, industrial parks and economic growth corridors. For example, the contractor could consider incentives to foster access to financial services for business development along major road construction efforts such as the Ghazni-Gardez and Gardez-Khost highways, or complement the Mission's agri-business development and agricultural value chain efforts within the Office of Agriculture (OAG) portfolio. By tying FAIDA's sector approach with integrated service delivery at the local level, the project seeks to enhance high-level impacts for economic recovery and growth.

Finally, it is recognized that there is a conflict here between short-term and long-term financial sector development needs. On the one hand, FAIDA seeks to establish the long-term foundation for a sustainable and inclusive financial system on the national level. On the other hand, there is an urgent imperative to provide impactful services and create jobs in the short-term in the south and east in order to provide a strategic avenue for building up forces against destabilizing elements. It is the challenge of the

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<sup>5</sup> Additionally, given the evolving security situation and the potential for shifts in U.S. foreign policy, the contractor shall be prepared to shift this geographic focus at any time to meet the country's economic recovery needs.

<sup>6</sup> The PRTs are a new model of civil-military cooperation that assists local communities, in cooperation with the national government, to create a stable environment for long-term political, economic and social development. The PRTs implement a wide variety of reconstruction projects in the provinces ranging from infrastructure, cash-for-work and governance. Funding often comes from the DoD's CERP program, USAID's Local Governance and Community Development (LGCD) program, and other bilateral programs operating in the province. USAID assigns Field Officers (FPOs) to serve on PRTs. USAID FPOs are directly engaged in the Mission's monitoring and evaluation systems, including visiting projects and programs implemented under USAID/Kabul's broader portfolio ensure that provincial, district, and village leadership participate in project identification and implementation and are kept up to date with the activities of contractors and grantees.

contractor to strike a balance between focusing on *micro level* quick impact regional priorities, while also addressing the sector's *micro, meso* and *macro level* needs.

### III. Management Objectives

The FAIDA activity has several management objectives which the contractor must take into consideration these issues – both in its operations and in its outcomes – in order to promote inclusive economic growth.

- Management Objective 1: *"Afghanization" of Our Work*: Encourage the employment of Afghans in key personnel positions as a means of ensuring a better grasp of the needs and reality on the ground, as well as improving senior management capabilities within Afghanistan. Afghanization includes the capacity building of Afghan institutions and therefore the contractor will assist its Afghan institutional partners to rapidly reach self-sufficiency. Another dimension of "Afghanization" is the direct resourcing of Afghan institutions and government programs through grants to allow these institutions and programs to experience a maximum of management autonomy. This also includes purchasing more products and services locally and regionally.
- Management Objective 2: *Telling Our Story*: The contractor will produce quantitative and qualitative indicators in order to capture how the resources of the USG are helping better the lives of Afghans, as well as to increase awareness of the program among other USG and donor counterparts.
- Management Objective 3: *Integrating Gender & Integrating Women*: The contractor will include gender as a major cross-cutting issue through an integrated approach, with efforts to assess the differential implications for women and men within all activities, all areas and at all levels of the project. Analyze and consider the complex socio-political environment in which women sustain their livelihoods and make economic decisions to ensure that women can benefit from the project's interventions.
- Management Objective 4: *Programmatic and Activity Flexibility*: The contractor will ensure a program that is geographically and programmatically flexible, adaptable, and agile in the wake of a dynamic political (i.e. elections), military (i.e. post-battlefield clean-up), and socio-economic environment (i.e. food security). For many reasons, it is difficult to predict upfront with certainty which geographic areas might present the best opportunities for program work activities. There is a requirement for a high degree of flexibility, adaptability, and creativity throughout the implementation process on the part of the contractor. As the overall program moves forward, the contractor may be required, in conjunction with USAID, to implement program activities in different geographic areas of the country as appropriate.
- Management Objective 5: *Conflict Mitigation*: The contractor will consider how interventions can inadvertently reinforce pre-existing inequalities and fuel conflict, as well as how they can help build peace. A heightened sensitivity to this context, coupled with agile systems that enable the implementer to change tactics as the context requires, is critical to mitigating the potential harm that certain interventions may imply, addressing the economic root causes of the conflict and facilitating the economic recovery process.

### IV. Linkages and Synergies with Existing Programs

Coordination with other economic growth activities is extremely important in Afghanistan, not only because of the large number of donors and the absolute amounts of their assistance, but also because

of the large relative importance of donor assistance in terms of the size of the economy and of development efforts. The contractor shall thus place large emphasis on coordinating with other economic growth programs in order to leverage its investments and prevent the unintended distorting of markets through duplication or mixed-messaging. In the design process for this activity, extensive consultations were held with other USAID technical offices and relevant donors.

Relevant projects funded by USAID include, but are not limited to (in alphabetical order):

- The Afghanistan Credit Support Program (ACSP), managed by Deutsche Investitions (DEG) in Cologne, Germany, is providing classroom and on-the-job training to loan officers at First Microfinance Bank (FMFB) and Afghanistan International Bank (AIB) within several branches in Kabul, Kandahar, Jalalabad, Mazar, Kunduz and Herat and has plans to expand its program to include other partners in the near future. ACSP's program of TA is complemented with its Credit Guarantee Facility (CGF), co-funded by USAID and *Bundesministerium Für Wirtschaftliche Zusammenarbeit (BMZ)*, which provides 72 percent effective partial credit guarantees on approved SME loans with anticipation of spinning off into a local, sustainable institution. ACSP is a five-year project that began in February 2005.
- The Agricultural Development Fund (ADF), is a \$100 million fund established through a grant from USAID to the Ministry of Agriculture, Irrigation and Livestock (MAIL) to provide loans to financial and non-financial intermediaries, which then on-lend these funds to small commercial farmers to acquire necessary inputs and equipment to expand production. By working through these intermediaries, ADF will encourage stronger linkages in the value chain. The ADF will be managed by the Agricultural Credit Enhancement (ACE) Project, which will receive and review all lending requests from participating intermediaries to determine if the intermediary's request is credit worthy. ACE will also strengthen and facilitate modernization of agricultural value chains so that new market opportunities can be captured for Afghan agricultural products, and support MAIL in coordinating other donor-sponsored agricultural initiatives.
- The Afghanistan Small and Medium Enterprise Development (ASMED) project is providing technical assistance and financial support to the very important MSME sector and the organizations that support MSMEs throughout Afghanistan. ASMED's activities have national reach – headquartered in Kabul, there are also three regional offices in Herat, Nangarhar, and Balkh, and partner activities in Helmand, Kandahar and Badakshan. The project has five components: (1) gathering, analyzing and disseminating Afghanistan market information on 12 sectors; (2) developing strong business services providers; (3) strengthening and increasing the number of business associations; (4) creating public-private sector alliances; and (5) building the capacity of an Afghan private sector workforce. ASMED is a three-year, plus two option years, development project implemented by Development Associates Incorporated (DAI) that began in October 2006.
- The Accelerating Sustainable Agriculture Program (ASAP) is developing a dynamic agriculture system capable of adapting to market forces by engaging activities that will lead to: (1) increased competitiveness of Afghan agriculture products in domestic and international markets for high value commodities; and (2) improved public policies and institutions in support of more competitive agriculture and agribusiness. To achieve competitiveness and a sound policy environment, ASAP supports market linkages, improves farm technology and practices, enhances

post harvest activities to meet market requirements, develops business organizations to provide support services to small and medium scale agribusinesses, and assists in production and post harvest infrastructure construction. ASAP is a four year project implemented by Chemonics International that began in 2006.

- The *Economic Growth and Governance Initiative (EGGI)* is a new activity that is assisting the GIROA to develop and implement sound and sustainable economic and regulatory policies that provide the foundation for private sector growth within a market economy. The project is working with business associations, think-tanks and other NGOs, as well as with GIROA entities such as the Ministry of Finance and the Central Bank, to improve the business enabling environment, strengthen the financial sector, reform business regulation, and encourage stakeholder involvement in shaping government policies both in Kabul and in the regions. Specific components include: 1) Supporting national and regional economic policy-making; 2) Strengthening the financial sector and Central Bank operations; and 3) Improving the business enabling environment. EGGI is a 1 base year plus 3 option years project that commenced in August 2009.
- The two *Incentives Driving Economic Alternatives (IDEA)* projects – IDEA North, East and West (NEW) – seek to increase licit and commercially viable agricultural-based alternatives for rural Afghans with the goal of significantly reducing and ultimately eradicating poppy production. IDEA NEW was recently awarded to Development Alternatives Inc (DAI), and IDEA South remains in the procurement process. Both are 3 base years plus 2 option years projects.
- The *Local Governance and Community Development (LGCD)* project is working with the PRTs and provincial authorities to build the capacity of individuals to generate income, familiarize *shura* councils with transparent oversight of development activities, and enhance the skills and experience of local businesses. In addition, LGCD is working with local labor to produce tangible infrastructure improvements, such as irrigation systems, roads and bridges, health clinics, schools, market centers, and agricultural processing facilities, and is training people to operate and maintain them. LGCD is a three year project implemented by DAI that began in October 2006.

Relevant projects funded by other donors include, but are not limited to (in alphabetical order):

- The *Afghanistan Financial Sector Strengthening Project*, funded by the World Bank, focuses on supporting the DAB in the areas of accounting and auditing, information technology systems, human resources and training. It also plans to help assist in establishing a credit information bureau, a collateral registry, and a bank training institute.
- The *Afghanistan Rural Enterprise Development Program (AREDP)* is a comprehensive rural development initiative implemented by the GIROA's Ministry of Rural Rehabilitation and Development (MRRD). The project aims to promote inclusive economic growth and the sustainable enhancement of rural livelihoods and MSMEs through: (1) the mobilization of affinity and common interest groups coupled with increased access to productive assets and income-generating activities; (2) the provision of business development services and the facilitation of forward linkages toward markets; and (3) mechanisms to provide credit to rural MSMEs. AREDP is working through a clustering and graduation approach to improve access to markets and credit.

- The *Canadian International Development Agency (CIDA)* has launched a program in Kandahar province that focuses on responding to basic human needs, strengthening livelihoods, and increasing the capacity of the local government. As part of its strategy development process, CIDA commissioned a feasibility study to examine the potential for increasing SME access to financial services in the south and is now seeking to coordinate with other donors to design and implement a coordinated SME development strategy for the region.

### **C. 3. Expected Results and Performance Management Plan**

#### **A. Expected Results**

**Through the FAIDA project, Afghanistan can expect to experience the building of a sustainable, diverse and inclusive financial sector that can generate and sustain quality employment to meet the needs of MSMEs throughout the country, with a special focus on the agricultural sector and the southern and eastern regions. By developing the capacity of a broad range of retail financial institutions, as well as a broad range of products and delivery models, diverse needs within the financial sector will be met, including the objectives of achieving large numbers of clients, reaching multiple segments of clients and achieving broad geographic coverage. Investments in the overall infrastructure of the financial system – including enhanced access to growth capital, a market for technical support and education services, enhanced advocacy capacity and an effective knowledge management infrastructure – will help build a market that will ensure the long-term sustainability of these objectives. Investments in enhancing the enabling environment will accelerate the development and expansion of a financial sector led by the private sector.**

Contributing to this objective are three key results:

**RESULT 1:** Enhanced outreach of retail financial institutions (*micro level*)

**Sub-Result 1.1:** Increased disbursements of lending capital to underserved MSMEs

**Sub-Result 1.2:** Enhanced human and institutional capacity

**Sub-Result 1.3:** Increased range of client-responsive financial products and delivery mechanisms

**RESULT 2:** Enhanced capacity of financial system support services and infrastructure (*meso level*)

**RESULT 3:** Improved enabling environment for private sector-led financial sector development (*macro level*)

Project targets are set forth below but may be adjusted in the PMP and workplan

| <b>Project Objective: Job creation through sustainable, diverse, and inclusive financial sector that can generate and sustain quality employment to meet the needs of MSMEs nationally, with a focus on agricultural sector, and Southern and Eastern regions</b> |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Year 1                | Year 2                | Year 3                | Year 4                | Year 5                |
| Jobs created  | 187,000               | 198,200               | 210,100               | 222,000               | 237,000               |
| <b>Result 1: Outreach of financial institutions enhanced</b>  |                       |                       |                       |                       |                       |
| <b>Sub-Result 1.1: Disbursement of lending to underserved MSMEs increased</b>   |                       |                       |                       |                       |                       |
| Cumulative amount of private financing mobilized (loans disbursed using USG-funded guarantee funds)   | \$3.5 million         | \$3.7 million         | \$3.9 million         | \$4.1 million         | \$4.4 million         |
| Number of USG-assisted MFIs that have reached financial sustainability  | 1                     | 2                     | 2                     | 2                     | 2                     |
| Number of new rural financial service delivery points   | 2                     | 4                     | 6                     | 8                     | 8                     |
| Number of USG-assisted MFIs that have reached operational sustainability  | 2                     | 2                     | 2                     | 2                     | 2                     |
| Total savings deposits held by USG-funded MFIs  | \$3 million           | \$3.1 million         | \$3.3 million         | \$3.5 million         | \$3.7 million         |
| Value of loans outstanding by USG-assisted MFIs   | \$27 million          | \$28.6 Million        | \$30.3 million        | \$32.1 million        | \$34 million          |
| Number of loans disbursed   | 65,466                | 69,393                | 73,557                | 77,971                | 82,649                |
| Number of active clients  | 32,890                | 34,863                | 36,955                | 39,172                | 41,522                |
| Percent of market penetration   | Micro: 16%<br>SME: 2% | Micro: 17%<br>SME: 3% | Micro: 18%<br>SME: 4% | Micro: 19%<br>SME: 5% | Micro: 17%<br>SME: 8% |

|  |   |              |              |              |              |
|--|---|--------------|--------------|--------------|--------------|
| Value of loans disbursed   | \$55.9 million  | \$59 million | \$63 million | \$67 million | \$71 million |
| Portfolio at risk (> 30 days)  | 5%  | 5%           | <5%          | <5%          | <5%          |
| Cumulative repayment rate  | 97%   | 97%          | 97%          | 97%          | 97%          |
| Number of loans written off  | 2,700   | 2,618        | 2,775        | 2,900        | 3,100        |
| Amount of loans written off  | \$810,000   | TBD          | TBD          | TBD          | TBD          |
| Number of provinces covered  | 4 additional  | TBD          | TBD          | TBD          | TBD          |
| <b>Sub-Result 1.2: Human and institutional capacity enhanced</b>   |   |              |              |              |              |
| Number of financial sector professionals trained on international standards with USG assistance  | 450   | TBD          | TBD          | TBD          | TBD          |
| Percentage of senior management positions (CEO, CFO, COO) staffed by Afghans   | >50% (TBD after baseline)   | TBD          | TBD          | TBD          | TBD          |
| <b>Sub-Result 1.3: Range of client-responsive financial products and delivery mechanisms enhanced</b>  |   |              |              |              |              |
| Number of service-outlets of USG-assisted financial institutions   | 160 (MFIs and commercial banks)   | TBD          | TBD          | TBD          | TBD          |
| Number of new financial products developed by USG-assisted financial institutions  | MicroAg (3);<br>Emergency microloan (1);<br>Agro-leasing (1);<br>Housing (1)<br>Value chain loans (1)<br>SME (3)<br>Sharia-compliant SME (2);<br>Ag SME loans (3);<br>savings (2)<br>Total = 18 | TBD          | TBD          | TBD          | TBD          |
| <b>Result 2: Capacity of financial system support services and infrastructure enhanced (meso level)</b>  |   |              |              |              |              |
| Percentage of USG-assisted financial institutions and MFIs using MIS   | 45+30% (TBD after baseline)   | +50%         | +50%         | +70%         | +70%         |
| Number of financial system support services institutions benefiting directly from USG-supported interventions (e.g., local consulting BDS firms) | 3   | 3            | 3            | 3            | 3            |

|  |   |     |     |     |     |
|--|---|-----|-----|-----|-----|
| Number of financial system support services institutions that are at least 50 percent self-funded as a result of USG assistance  | 3 | 3   | 3   | 3   | 3   |
| <b>Result 3: Capacity of financial system support services and infrastructure enhanced (macro level)</b>   |   |     |     |     |     |
| Number of public-private dialogue mechanisms utilized as a result of USG assistance (e.g., workshops, conferences, seminars)   | 4 | 4   | TBD | TBD | TBD |
| Number of working groups established to address financial sector development issues as a result of USG assistance  | 2 | 2   | 2   | 2   | 2   |
| Number of comments provided on financial sector related laws and regulations (e.g., movable collateral law, leasing law, consumer protection laws, money service provider law) as a result of U.S. government assistance | 3 | TBD | TBD | TBD | TBD |

#### B. Performance Monitoring Plan (PMP)

The performance monitoring plan (PMP) is a management tool that specifies indicators, targets and methodologies to enable the contractor to monitor the progress of project activities towards achieving the stated project objectives. The PMP also allows USAID to gauge the contractor's performance and understand any unforeseen changes in strategy to achieve intended results.

Achievement of tangible results is the essence of this contract. USAID will judge the contractor's success or lack thereof under the contract based on whether results as set forth in this SOW and further developed in the contractor's technical approach and proposed PMP are achieved. If agreed results will not be achieved or if the contractor becomes aware that any may not be achieved, the contractor will immediately notify USAID/Afghanistan in writing and, in the next periodic report required, will provide a complete explanation.

The overarching indicator for FAIDA is *job creation*. The contractor's proposed target for job creation, its methodology for calculating job creation, as well as other indicators and targets to measure progress of project interventions toward this objective will be revised in the final PMP.

A more detailed and complete PMP will be developed and submitted with the first annual workplan for USAID's approval after the contract is signed. All targets will be subject to revision and expansion based on the annual work plan (AWP) submitted to USAID for approval, as well as periodic progress reviews conducted by USAID. The contractor must be prepared to set targets and report on progress made with respect to these and other indicators, at least annually and by province, and at the request of the COTR at any time. Such reports should explain any variances between the indicator targets and actual results and demonstrate how activities conducted under this contract contributed to these outcomes.

All reporting (whether programmatic or financial) will need to be both consolidated nationally and disaggregated by regions corresponding to the military regional commands and by province. Reporting will need to be able to provide upon request, as well as periodically specified, a list of activities that FAIDA has accomplished, and that are planned, nationally, regionally and by province. FAIDA will need to quantify both direct and indirect expenditures, past and planned, nationally, regionally and by province.

The contractor should also familiarize itself with the standard indicators that USAID is obliged to measure for the "F" (State Department Director of Foreign Assistance) framework – also known as the "OP" (Operational Plan) – and the Microenterprise Results Reporting (MRR) activity.<sup>7</sup> These indicators are listed below. The "F" indicators should be included selectively according to the causal model that the contractor has described within its proposal:

**Foreign Assistance ("F") Framework Standard Indicators**

*EG 7.1 Inclusive Financial Markets*

- Amount of private financing mobilized with DCA guarantee(s)
- Number of borrowers from USG-assisted microfinance institutions
- Number of depositors at USG-assisted microfinance institutions
- Number of microfinance institutions supported by USG financial or technical assistance
- Percent of USG-assisted microfinance institutions that have reached financial sustainability
- Percent of USG-assisted microfinance institutions that have reached operational sustainability
- Total savings deposits held by USG-assisted microfinance institutions
- Value of portfolio outstanding of USG-assisted microfinance activities held as poverty loans (\$300 or less)

**MRR Indicators**

- Number of microenterprises assisted (disaggregated by sex of owner/operator, youth status of owner/operator, rural/urban location, and operating with/without subsidy)
- Number of employees of microenterprises assisted (disaggregated by sex)
- Value of gross sales/revenue or net income of microenterprises assisted
- Value of financing secured by microenterprises
- Poverty status of microenterprises assisted using poverty loan proxy (\$300 or less)

**Loan Capital**

Title to all grants of loan capital will remain with USAID and USAID will dispose of such loan grant capital as it deems will best serve its developmental objectives at the end of FAIDA.

**C.4: Deliverables**

In addition to the expected results outlined above, the contractor will deliver the following:

**Result 1: Outreach of financial institutions enhanced:**

- a. 187,000 jobs created by year 1
- b. \$55.9 million in new loans disbursed to MSMEs by end of year 1

<sup>7</sup> Microenterprise Results Reporting (MRR) was created to track USAID's microenterprise funding and program data. The MRR online reporting system tracks USAID's progress towards Congressionally-mandated funding targets, as well as monitors the results of USAID assistance to the microenterprise sector. Since 1996, more than 70 Missions have reported their microenterprise obligations annually and over 1,400 of USAID's development partners have reported on their program activities. The database is used as a management tool to support Agency decision-making, while informing the U.S. Congress and the public on how resources have been used to support the microenterprise sector. See <http://www.mrreporting.org> for more information.

- c. Developed an MOU with key partners by Month 1 and began implementation by Month 2
- d. Provided SAF grants to MFIs and other MSME lenders for branch expansion in South and East by Month 3
- e. Developed results-based funding strategy by Month 3
- f. Two new rural financial service delivery points established in the South and East by Month 9
- g. Developed partnership with selected programs (e.g. ASMED and other relevant USAID-funded programs) and business associations (e.g. Peace Dividend Trust) by month 3
- h. Facilitated three new strategic alliances with commercial banks and private investment funds by Month 12
- i. Developed savings mobilization training course and at least four other key microfinance and SME finance courses (e.g. credit risk management, internal control/audit, staff incentive systems, new product development, character and cash flow-based individual lending) by Month 3
- j. Benchmarks for MFI transition to DMFI established by month 1
- k. Regional work plans to tap farm service centers, VFUs and Ag depots with emphasis on priority areas in the South and East developed by month 2
- l. Collaborations established with ACSP, Bank Alfalah and similar institutions by month 2
- m. Utilization of existing credit guarantee facilities with strategic partners expanded and 1 – 2 new partnerships with local institutions established by year 1
- n. Standardized microfinance and SME finance toolkits developed by month 3
- o. Standardized program of courses for financial institutions developed by MISFA, AMA and other industry associations by month 5
- p. 100 staff members of FAIDA partner institutions trained on different courses by end of year 1
- q. National financial sector roundtable held by end of year 1
- r. At least 6 bankers' breakfast roundtables organized by end of year 1
- s. Grants awarded for market research and product development with emphasis on Sharia-compliant products and mobile technologies to tap demand and increase access in priority areas of the South and East
- t. More than 10 financial institutions provided with one-on-one coaching and advisory services by end of year 1
- u. At least 2 pilots of M-Paisa or other mobile banking provider supported by month 12

**Result 2: Capacity of financial system support services and infrastructure enhanced (meso level)**

- a. Enhanced M&E system developed for MISFA by month 3
- b. Core functions for MISFA identified by month 3 and facilitated transfer of key microfinance sector functions to AMA by month 12
- c. Developed work plan to support AMA and/or other industry association with results of organizational assessment by end of month 2
- d. Supported AMA and/or other industry association training capacity through grants for staff or other assistance by month 6
- e. Organized national roundtable with DAB, MISFA and AMA, MFIs and banks among others on expanding the financial frontier with innovative microfinance services by month 12
- f. Two – three BDS providers selected to train on microfinance and SME best practices by month 2
- g. Completed ToT on microfinance and SME finance best practices for BDS providers and in-house staff at select financial institutions by month 6
- h. MSME finance certification program developed with AIBF by month 5
- i. Scholarships provided for regional and international training programs and conferences

**Result 3: Capacity of financial system support services and infrastructure enhanced (macro level)**

- a. In coordination with MISFA, microfinance performance standards through DFIs established by month 3
- b. Policy leads for AMA, ABA and/or other industry associations identified by month 2
- c. In coordination with EGGI and/or other industry stakeholders, policy briefings developed for all relevant legislation (e.g. MFI licensing and regulation, movable collateral law, leasing law, credit information bureau, consumer protection laws, etc.)
- d. Policy agenda developed for year 1 with extensive stakeholder participation by month 2
- e. In coordination with the Ministry of Commerce and Industry and DAB, among others, a national policy and regulatory roundtable regarding MSME financing held by month 12
- f. Partnerships with CGAP and the MIX Market and local institutions such as MISFA and AMA established by month 3.

**[END OF SECTION C]**

## **SECTION D: PACKAGING AND MARKING**

### **D.1 AIDAR 752.7009 MARKING (JAN 1993)**

(a) It is USAID policy that USAID-financed commodities and shipping containers, and project construction sites and other project locations be suitably marked with the USAID emblem. Shipping containers are also to be marked with the last five digits of the USAID financing document number. As a general rule, marking is not required for raw materials shipped in bulk (such as coal, grain, etc.), or for semi finished products which are not packaged.

(b) Specific guidance on marking requirements should be obtained prior to procurement of commodities to be shipped, and as early as possible for project construction sites and other project locations. This guidance will be provided through the cognizant technical office indicated on the cover page of this contract, or by the Mission Director in the Cooperating Country to which commodities are being shipped, or in which the project site is located.

(c) Authority to waive marking requirements is vested with the Regional Assistant Administrators, and with Mission Directors.

(d) A copy of any specific marking instructions or waivers from marking requirements is to be sent to the Contracting Officer; the original should be retained by the Contractor.

### **D.2 BRANDING STRATEGY FOR FAIDA ACTIVITY**

The branding strategy for this contract, as specified in USAID ADS 320.3.2.1 is as follows:

**Program Name:** Financial Access for Investing in the Development of Afghanistan (FAIDA)

**Branding:** The branding shall incorporate the message: The assistance is "from the American People jointly sponsored by USAID and the Government of the Islamic Republic of Afghanistan".

**Desired Level of Visibility:** USAID identity must be prominently displayed in: commodities or equipment; printed, audio, visual or electronic public communications; studies, reports, publications, web sites, and all promotional and informational products; and events.

**Organizations to Acknowledge:** The branding may acknowledge other organizations deemed as partners of an event or deliverable.

### **D.3 BRANDING AND MARKING POLICY**

In accordance with provision D.2 above, and where applicable, the Contractor shall comply with the requirements of the policy directives and required procedures outlined in USAID Automated Directive System (ADS) 320.3.2 "Branding and Marking in USAID Direct Contracting" (version from January 8, 2007) at <http://www.usaid.gov/policy/ads/300/320.pdf>; and USAID "Graphic Standards Manual" available at [www.usaid.gov/branding](http://www.usaid.gov/branding), or any successor branding policy.

**[END OF SECTION D]**

**SECTION E: INSPECTION AND ACCEPTANCE**

**E.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

**FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)**

| NUMBER   | TITLE                                      | DATE     |
|----------|--|----------|
| 52.246-5 | INSPECTION OF SERVICES--COST-REIMBURSEMENT | APR 1984 |

**E.2 INSPECTION AND ACCEPTANCE**

USAID inspection and acceptance of services, reports and other required deliverables or outputs shall take place at the principal place of performance or at any other location where the services are performed and reports and deliverables or outputs are produced or submitted. The COTR listed in Section G has been delegated authority to inspect and accept all services, reports and required deliverables or outputs.

**E.3 MONITORING AND EVALUATION PLAN**

USAID/Afghanistan uses a management information system to track program and project information for all mission-funded activities at the provincial, district, and village levels. The purpose of this database is to track the location of project implementation to the nearest village or geospatial coordinate, document the use of funds at the district level, and monitor the performance of development projects, while maintaining coordination between USAID/Afghanistan, USAID/Washington, Congress, implementing partners, the Government of Afghanistan, and other donors. This reporting process supports the Government of Afghanistan's requirement that USAID provide information to the Ministry of Finance in order to track ongoing and completed donor-sponsored development activities.

The Contractor shall provide at least a quarterly update of information on the activities under the contract by entering this information into the USAID/Afghanistan management information system. The Contractor shall enter information via an Internet website or a Microsoft (MS) Access Database; USAID will provide the URL address or Access Database, and a user ID/password. A comprehensive user manual will be provided after that details information on the required information and processes needed for managing the information in USAID/Afghanistan information system.

**[END OF SECTION E]**

**SECTION F: DELIVERIES AND PERFORMANCE**

**F.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

**FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)**

| NUMBER    | TITLE           | DATE     |
|-----------|-----------------|----------|
| 52.242-15 | STOP-WORK ORDER | AUG 1989 |

**F.2 PERIOD OF PERFORMANCE**

The period of performance for this contract is as follows: One eighteen-month basic period from award date. The US government reserves the right to exercise two (2) additional options of 18 months and one of 6 months.

**F.3 PERFORMANCE STANDARDS**

Evaluation of the Contractor's overall performance in accordance with the performance standards set forth in Section C, will be conducted jointly by the COTR and the Contracting Officer, and shall form the basis of the Contractor's permanent performance record with regard to this contract.

**F.4 PLACE OF PERFORMANCE**

Performance of this contract will be principally in Afghanistan.

**F.5 DELIVERABLES**

The contractor shall provide the deliverables as stated in Section C and the reports stated in F.7 Reports and F.8 Progress Reporting Requirements.

**F.6 REPORTS**

In addition to the requirements set forth for submission of reports in Sections I and J and in the AIDAR clause 752.242-70, Periodic Progress Reports, the Contractor shall submit the following deliverables or outputs to the COTR specified in Section G:

1. The contractor will submit detailed annual work plans to the COTR on an annual basis, with the final first year work plan to be submitted within 60 days of the award. Subsequent work plans shall be submitted 45 days prior to the start of the following project year. The Annual Work Plan (AWP) should provide detailed investment and implementation plans and schedules.
2. The contractor will perform and provide the COTR with a gender analysis to determine the extent to which both sexes participate and benefit and the degree to which the project has reduced gender disparities and improved the situation of disadvantaged girls and women.

3. The contractor shall submit a final version of a Quality Assurance Surveillance Plan (QASP) within 30 calendar days from contract award describing how the contractor will monitor itself to ensure that service or quality levels are achieved. The plans must specify all work requiring surveillance and the method of surveillance.
4. The contractor will submit a complete and comprehensive Monitoring, Evaluation and Reporting (MER) plan to the COTR within 30 days of award in accordance with ADS 203. This plan should parallel the USAID Afghanistan Mission Monitoring and Evaluation (M&E) plan and thus will require consultation with the Office of Program and Project Development (OPPD) M&E unit. The MER should account for the USAID new strategic framework for foreign assistance and should be designed to easily comply with requirements for common indicators and reporting requirements of USAID at both Mission and Agency levels.
5. The contractor will provide a program closeout plan for all activities associated with this project to the COTR no less than 180 days before the contract completion date.

#### **F.7 PROGRESS REPORTING REQUIREMENTS**

The contractor shall submit the reports detailed below to the offices as indicated.

##### **Biweekly Status Report**

- **Biweekly Status Report:** Biweekly reports (biweeklies) are intended to be brief highlights of achievements across components. Such reports are meant to be shared with the USG community and other donors, in the field and in Washington, and Afghan counterparts to highlight progress and milestones achieved.

##### **Monthly Performance Reports**

In addition to Performance Management Plan and Work Plan required, the Contractor shall prepare and submit monthly reports. The monthly reports, which shall be submitted electronically to the COTR and CO by the 10<sup>th</sup> business day of the month following the month being reported, are intended to be concise reports (no more than 20 pages) that summarize progress toward accomplishment of the benchmarks set forth. The monthly reports should (1) identify implementation issues, (2) give an update of progress made toward fulfillment of the Project results, (3) contain a discussion of obstacles encountered and possible delays, if any, in fulfillment of activities included in the work plan, and/or achievement of targets set forth in the PMP, (4) set forth proposed changes, if any, to the work plan; and (5) contain a forecast of activities for the month period immediately following the period being reported.

##### **Quarterly Performance Reports**

The Contractor shall submit brief quarterly performance reports to the COTR and CO within 30 days of the end of each calendar quarter reflecting results and activities of the preceding quarter. The report shall describe the plan for the reporting period (as set forth in the annual work plan) and assess overall progress to that date in relation to agreed-upon performance indicators and PMP for that quarter. A description of the specific accomplishments of the Contractor, including specific results of STTA during the quarter should also be provided, including information on all activities, both ongoing and completed, by component, and geographically by province and district. The quarterly reports shall highlight any issues or problems that are affecting the delivery or timing of services provided by the Contractor. These reports

should summarize project progress against tasks and benchmarks, including tasks assigned through technical directives and identify implementation issues that may inhibit or enhance contractor performance. In each quarterly report the Contractor shall include SUCCESS STORIES which provide information that demonstrates the impact that the activity/program has had during the reporting period through materials such as stories, quotes and photos. The reports will also discuss interaction with counterparts, and any necessary alterations to the work plan and initial timetable.

Quarterly reporting shall begin after the end of the first quarter from the contract award. The quarterly report is due to the activity manager and/or the COTR on or before the last day of the month following the end of each quarter. The COTR may make exceptions to this schedule depending on when exactly the contract is signed, e.g. if project begins in November, the time remaining in Q1 may be incorporated into the quarterly report for Q2.

As agreed upon by the COTR, brief summary of quarterly activities and achievements in local languages Pastru and Dari should be considered.

#### Quarterly Reports Schedule for Submission:

Q1: January 1 to March 31  
Q2: April 1 to June 30  
Q3: July 1 to September 30  
Q4: October 1 to December 31

Quarterly Report due April 30  
Quarterly Report due July 31  
Quarterly Report due October 31  
Quarterly Report due January 31

#### Quarterly Financial Reporting

The Contractor shall submit to the COTR and to the USAID FMO brief quarterly expenditure reports which will contain a summary page which shows spending by category for the quarter, cumulative spending to date, available funding for the remainder of the activity and any variances from planned expenditures. The Contractor will also be expected to delineate the expenses by province. If there are significant accrued expenditures for the quarter being reported upon which for some reason have not yet been billed to the contract, the Contractor will include a brief note to that effect, with the specific amount involved, thus enabling the COTR to accurately track FAIDA's expenditure rate. These reports will be submitted approximately two weeks before the end of the quarter. The precise deadline each quarter for the submittal of the financial reports will be specified by USAID.

#### Annual Results Reporting

There are two cycles of annual reporting – the Project annual report and input to the Mission's annual report. For the Project annual report, the Contractor shall submit a draft report 15 days prior to the end of the contract year, indicating progress made toward achieving desired results within a given time frame, capturing results against the project PMP in a format agreed with by the COTR. The COTR will provide comments within 15 days, and the Contractor shall then submit a final draft to the COTR and CO for approval within 15 days of receipt of the COTR's comments. For the Mission annual report, input shall be submitted in draft to the COTR by an agreed-upon date and format that allows sufficient time to meet Mission deadlines. The Contractor shall be prepared to track and report performance data overall and by province for both reporting cycles. The Contractor shall be expected to provide brief summaries of

annual results in local languages to contribute to building Afghan's understanding and support for advancing trade-related reforms.

### **Short-term Consultant Reports**

Unless otherwise agreed to in writing by the COTR, the Contractor will submit within 10 days following departure of a Consultant, a brief written report that describes the purpose of the consultancy, progress made, and any observations to be shared; identifies issues and/or problems encountered; and details expected follow-on activities by resident Contractor staff as well as actions to be performed by participating counterparts.

### **Other Project Reports**

The Contractor shall prepare and disseminate, as directed in the Annual work plan and by the COTR, other reports and deliverables needed to accomplish the purpose of this contract, such as technical reports prepared by in-country staff and short-term consultants, studies of policy and other issues, products, sectors, markets, technologies, etc.

### **Final Report**

The Contractor shall prepare and submit electronically to the COTR and CO, no less than 30 days prior to the estimated end-date of this contract, a detailed draft final/completion report which summarizes the accomplishments and impact in relation to the expected results and PMP, and recommendations regarding future and unfinished work. The final draft shall be submitted no later than the estimated end-date of this contract. The report will include, but not be limited to:

- a discussion of the impact of the project as compared to baseline conditions and data, and analysis of Afghanistan's trade environment and performance;
- an estimate and/or a description of economic growth achievements, including changes in economic indicators, laws and regulations adopted and implemented, increased institutional and human capacity, etc.;
- a description of all public and private-sector institutions and organizations worked with in connection with project components and an evaluation of their strengths and weaknesses;
- a discussion of problems encountered, objectives not fully achieved and lessons learned, and suggest ways to resolve identified constraints;
- incorporation of any additional/available evaluative data compared to project results and any explanatory background; and
- a final financial report.

The final/completion report shall also contain an index of all reports and information products produced under this contract. The Completion Report may provide recommendations for follow-on work that might complement the work completed under the contract. The COTR will provide written comments, and the Contracting Officer may likewise add written comments, which the Contractor will address in revising the draft and submitting a final Completion Report.

The COTR is required to document/certify in the official COTR file on a quarterly basis confirming that the contractor is complying with specific reporting/delivery requirement.

**F.8 KEY PERSONNEL**

a. The Contractor shall furnish the following key personnel for the performance of this contract

1. [REDACTED] Chief of Party
2. [REDACTED] Deputy Chief of Party

b. The personnel specified above are considered to be essential to the work being performed hereunder. Prior to replacing any of the specified individuals, the Contractor shall immediately notify both the Contracting Officer and USAID Contracting Officer's Technical Representative reasonably in advance and shall submit written justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No replacement of personnel shall be made by the Contractor without a written consent of the Contracting Officer.

**F.9 SUBMISSION REQUIREMENTS FOR DEVELOPMENT EXPERIENCE DOCUMENTS (JAN 2004)**

(a) Contract Reports and Information/Intellectual Products.

(1) The Contractor shall submit to USAID's Development Experience Clearinghouse (DEC) copies of reports and information products which describe, communicate or organize program/project development assistance activities, methods, technologies, management, research, results and experience as outlined in the Agency's ADS Chapter 540. Information may be obtained from the Contracting Officer's Technical Representative (COTR). These reports include: assessments, evaluations, studies, development experience documents, technical reports and annual reports. The Contractor shall also submit two copies of information products including training materials, publications, databases, computer software programs, videos and other intellectual deliverable materials required under the Contract Schedule. Time-sensitive materials such as newsletters, brochures, bulletins or periodic reports covering periods of less than a year are not to be submitted.

(2) Upon contract completion, the contractor shall submit to DEC an index of all reports and information/intellectual products referenced in paragraph (a)(1) of this clause.

(b) Submission requirements.

(1) Distribution:

(a) At the same time submission is made to the COTR, the contractor shall submit, one copy each, of 3 contract reports and information/intellectual products (referenced in paragraph (a)(1) of this clause) in either electronic (preferred) or paper form to one of the following:

- Online: <http://dec.usaid.gov>
- By mail (for pouch delivery):  
DEXS Document Submissions  
M/CIO/KM/DEC  
RRB M.01-010  
Washington, DC 20523-6100

(2) The contractor shall submit the reports index referenced in paragraph (a)(2) of this clause and any reports referenced in paragraph (a)(1) of this clause that have not been previously submitted to DEC, within 30 days after completion of the contract to one of the address cited in paragraph (B)(1)(a) of this clause.

(3) Format:

a. Descriptive information is required for all Contractor products submitted. The title page of all reports and information products shall include the contract number(s), contractor name(s), name of the USAID cognizant technical office, the publication or issuance date of the document, document title, author name(s), and strategic objective or activity title and associated number. In addition, all materials submitted in accordance with this clause shall have attached on a separate cover sheet the name, organization, address, telephone number, fax number, and Internet address of the submitting party.

b. The report in paper form shall be prepared using non-glossy paper (preferably recycled and white or off-white) using black ink. Elaborate art work, multicolor printing and expensive bindings are not to be used. Whenever possible, pages shall be printed on both sides.

c. The electronic document submitted shall consist of only one electronic file which comprises the complete and final equivalent of the paper copy.

d. Acceptable software formats for electronic documents include WordPerfect, Microsoft Word, and Portable Document Format (PDF). Submission in PDF is encouraged.

e. The electronic document submission shall include the following descriptive information:

(i) Name and version of the application software used to create the file, e.g., WordPerfect Version 9.0 or Acrobat Version 5.0.

(ii) The format for any graphic and/or image file submitted, e.g., TIFF-compatible.

(iii) Any other necessary information, e.g. special backup or data compression routines, software used for storing/retrieving submitted data or program installation instructions.

#### **F.10 DATABASE REPORTING REQUIREMENTS**

USAID/Afghanistan uses a management information system to track program and project information for all mission-funded activities at the provincial, district, and village levels. The purpose of this database is to track the location of project implementation to the nearest village or geospatial coordinate, document the use of funds at the district level, and monitor the performance of development projects, while maintaining coordination between USAID/Afghanistan, USAID/Washington, Congress, implementing partners, the Government of Afghanistan, and other donors. This reporting process supports the Government of Afghanistan's requirement that USAID provide information to the Ministry of Finance in order to track ongoing and completed donor-sponsored development activities.

The Contractor shall provide at least a quarterly update of information on the activities under the contract by entering this information into the USAID/Afghanistan management information system. The Contractor shall enter information via an Internet website or a Microsoft (MS) Access Database; USAID will provide the URL address or Access Database, and a user ID/password. A comprehensive user

manual will be provided after that details information on the required information and processes needed for managing the information in USAID/Afghanistan information system.

[END OF SECTION F]

**SECTION G: CONTRACT ADMINISTRATION DATA**

**G.1 AIDAR 752.7003 DOCUMENTATION FOR PAYMENT (NOV 1998)**

(a) Claims for reimbursement or payment under this contract must be submitted to the Paying Office indicated in the schedule of this contract. The Contracting Officer's Technical Representative (COTR) is the authorized representative of the Government to approve vouchers under this contract. The Contractor must submit either email, paper or fax versions of the SF-1034 -Public Voucher for Purchases and Services Other Than Personal. Each voucher shall be identified by the appropriate USAID contract number, in the amount of dollar expenditures made during the period covered.

(1) The SF 1034 provides space to report by line item for products or services provided. The form provides for the information to be reported with the following elements:

| <b>TOTAL EXPENDITURES</b><br>(Document Number: XXX-X-XX-XXXX-XX) |   |                        |                            |
|--|---|------------------------|----------------------------|
| Line Item  | Description   | Amt. Vouchered To Date | Amt. Vouchered This Period |
| 0001   | Product/Service Desc. For Line Item<br>0001 example: Salary/Wages | \$XXXX.XX              | \$XXXX.XX                  |
| 0002   | Product/Service Desc. For Line Item<br>0002 example: Travel       | \$XXXX.XX              | \$XXXX.XX                  |
| <b>Total</b>   |   | <b>\$XXXX.XX</b>       | <b>\$XXXX.XX</b>           |

(2) The fiscal report shall include a certification, signed by an authorized representative of the Contractor, as follows:

The undersigned hereby certifies to the best of my knowledge and belief that the fiscal report and any attachments have been prepared from the books and records of the Contractor in accordance with the terms of this contract and are correct: the sum claimed under this contract is proper and due, and all the costs of contract performance (except as herewith reported in writing) have been paid, or to the extent allowed under the applicable payment clause, will be paid currently by the Contractor when due in the ordinary course of business; the work reflected by these costs has been performed, and the quantities and amounts involved are consistent with the requirements of this Contract; all required Contracting Officer approvals have been obtained; and appropriate refund to USAID will be made promptly upon request in the event of disallowance of costs not reimbursable under the terms of this contract.

BY: \_\_\_\_\_  
 TITLE: \_\_\_\_\_  
 DATE: \_\_\_\_\_

(b) Local currency payment. The Contractor is fully responsible for the proper expenditure and control of local currency, if any, provided under this contract. Local currency will be provided to the Contractor in

accordance with written instruction provided by the Mission Director. The written instructions will also include accounting, vouchering, and reporting procedures. A copy of the instructions shall be provided to the Contractor's Chief of Party and to the Contracting Officer. The costs of bonding personnel responsible for local currency are reimbursable under this contract.

(c) Upon compliance by the Contractor with all the provisions of this contract, acceptance by the Government of the work and final report, and a satisfactory accounting by the Contractor of all Government-owned property for which the Contractor had custodial responsibility, the Government shall promptly pay to the Contractor any moneys (dollars or local currency) due under the completion voucher. The Government will make suitable reduction for any disallowance or indebtedness by the Contractor by applying the proceeds of the voucher first to such deductions and next to any un-liquidated balance of advance remaining under this contract.

(d) The Contractor agrees that all approvals of the Mission Director and the Contracting Officer which are required by the provisions of this contract shall be preserved and made available as part of the Contractor's records which are required to be presented and made available by the clause of this contract entitled "Audit and Records - Negotiation".

## **G.2 ADMINISTRATIVE CONTRACTING OFFICE**

The Administrative Contracting Office of this award is the Office of Acquisition and Assistance (OAA), USAID/Afghanistan:

International mailing/Courier address:

Office of Acquisition & Assistance (OAA/Kabul)  
USAID, Afghanistan  
CAFÉ Compound  
Great Massoud Road,  
Kabul, Afghanistan

Or;

Office of Acquisition & Assistance (OAA/Kabul)  
USAID, Afghanistan  
6180 Kabul Place,  
Dulles, VA 20189-6180

## **G.3 CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR)**

The Contracting Officer's Technical Representative for this contract is Mr. Greg Howell.

## **G.4 TECHNICAL DIRECTIONS/RELATIONSHIP WITH USAID**

(a) Technical Directions are defined to include:

(1) Written directions to the Contractor which fill in details, suggest possible lines of inquiry, or otherwise facilitate completion of work;

(2) Provision of written information to the Contractor which assists in the interpretation of drawings, specifications, or technical portions of the work statement;

(3) Review and, where required, provide written approval of technical reports, drawings, specifications, or technical information to be delivered. Technical directions must be in writing, and must be within the scope of the work as detailed in Section C.

(b) The COTR is authorized by designation to take any or all action with respect to the following which could lawfully be taken by the Contracting Officer, except any action specifically prohibited by the terms of this Contract:

(1) Assure that the Contractor performs the technical requirements of the contract in accordance with the contract terms, conditions, and specifications.

(2) Perform or cause to be performed, inspections necessary in connection with a) above and require the Contractor to correct all deficiencies; perform acceptance for the Government.

(3) Maintain all liaison and direct communications with the Contractor. Written communications with the Contractor and documents shall be signed as "Contracting Officer's Technical Representative" with a copy furnished to the Contracting Officer.

(4) Issue written interpretations of technical requirements of Government drawings, designs, and specifications.

(5) Monitor the Contractor's production or performance progress and notify the Contractor in writing of deficiencies observed during surveillance, and direct appropriate action to effect correction. Record and report to the Contracting Officer incidents of faulty or nonconforming work, delays or problems.

(6) Obtain necessary security clearance and appropriate identification if access to Government facilities is required. If to be provided, ensure that Government furnished property is available when required.

**LIMITATIONS:** The Contracting Officer's Technical Representative is not empowered to award, agree to, or sign any contract (including delivery or purchase orders) or modifications thereto, or in any way to obligate the payment of money by the Government. The Contracting Officer's Technical Representative may not take any action which may impact on the contract schedule, funds, scope or rate of utilization of LOE. All contractual agreements, commitments, or modifications which involve prices, quantities, quality, and schedules shall be made only by the Contracting Officer.

(c) In the separately-issued Contracting Officer's Technical Representative Designation letter, the CO designates an alternate Contracting Officer's Technical Representative to act in the absence of the designated Contracting Officer's Technical Representative; in accordance with the terms of the letter.

(d) Contractual Problems - Contractual problems, of any nature, that may arise during the life of the contract must be handled in conformance with specific public laws and regulations (i.e. Federal Acquisition Regulation and Agency for International Development Acquisition Regulation). The Contractor and the Contracting Officer's Technical Representative shall bring all contracting problems to the immediate attention of the Contracting Officer. Only the Contracting Officer is authorized to formally resolve such problems. The Contracting Officer will be responsible for resolving legal issues, determining contract scope and interpreting contract terms and conditions. The Contracting Officer is the sole authority authorized to approve changes in any of the requirements under this contract. Notwithstanding any clause contained elsewhere in this contract, the said authority remains solely with the Contracting Officer. These changes include, but will not be limited to the following areas: scope of work, price, quantity, technical specifications, delivery schedules, and contract terms and conditions. In the event the

Contractor effects any changes at the direction of any other person other than the Contracting Officer, the change will be considered to have been made without authority.

(e) Failure by the Contractor to report to the Administrative Contracting Office, any action by the Government considered to a change, within the specified number of days contained in FAR 52.243-7 (Notification of Changes), waives the Contractor's right to any claims for equitable adjustments.

**G.5 PAYING OFFICE**

The preferred method of transmission of invoices is through electronic medium at the following address: [KabulAIDvouchers@usaid.gov](mailto:KabulAIDvouchers@usaid.gov). Subject line shall read Award No. and name of firm. The SF-1034 must be signed, and it must be submitted along with the invoice and any other documentation in Adobe format. If submitting invoices electronically, do not send a paper copy.

Paper copy submission: One (1) original of each invoice shall be submitted on an SF-1034 Public Voucher for Purchases and Services Other Than Personal to the Office of Financial Management (OFM) at the following address:

Office of Financial Management  
USAID/Afghanistan  
CAFÉ Compound  
U.S. Embassy  
Great Massoud Road  
Kabul, Afghanistan

**Financial Tracking and Vouchering**

It is likely that multiple resources of funds, e.g., supplemental funds, may be used to fund this contract. The contractor should be prepared to track the use of these multiple financial resources and performance measures associated with these funds. All vouchers should clearly mark the source of funds. Prior year funds should be disbursed first.

**G.6 ACCOUNTING AND APPROPRIATION DATA**

FUND CITE DOCUMENT NO: 306-MAARD-10322

|                  |                              |                              |
|------------------|------------------------------|------------------------------|
| MAARD Amount:    | \$11,000,000.00              | \$9,160,000.00               |
| Appropriation:   | 7209/14137-90                | 7209/14137-90                |
| Fund Code:       | ES-SUP/2009/2010             | ES/2009/2010                 |
| Program Area:    | A20                          | A20                          |
| Program Element: | A080                         | A080                         |
| EOCC:            | 2100301                      | 2100301                      |
| CO REFERENCE:    | 306-SOAG-306-05-0005.00-00-6 | 306-SOAG-306-05-0005.00-00-6 |
| CO Line #        | 70                           | 85                           |

Total MAARD Amount: \$20,160,000.00

**[END OF SECTION G]**

**SECTION H: SPECIAL CONTRACT REQUIREMENTS**

**H.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE FEB (1998)" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

| NUMBER   | TITLE   | DATE     |
|----------|---|----------|
|          | FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)<br>AIDAR 48 CFR Chapter 7 |          |
| 752.7027 | PERSONNEL   | DEC 1990 |

**H.2 AIDAR 752.7004 EMERGENCY LOCATOR INFORMATION (JUL 1997)**

The Contractor agrees to provide the following information to the Mission Administrative Officer on or before the arrival in the host country of every contract employee or dependent:

- (1) The individual's full name, home address, and telephone number.
- (2) The name and number of the contract, and whether the individual is an employee or dependent.
- (3) The contractor's name, home office address, and telephone number, including any after-hours emergency number(s), and the name of the contractor's home office staff member having administrative responsibility for the contract.
- (4) The name, address, and telephone number(s) of each individual's next of kin.
- (5) Any special instructions pertaining to emergency situations such as power of attorney designees or alternate contact persons.

**H.3 FOREIGN GOVERNMENT DELEGATIONS TO INTERNATIONAL CONFERENCES**

Funds in this contract may not be used to finance the travel, per diem, hotel expenses, meals, conference fees or other conference costs for any member of a foreign government's delegation to an international conference sponsored by a public international organization, except as approved by the CO.

**H.4 AIDAR 752.225-70 SOURCE, ORIGIN AND NATIONALITY REQUIREMENTS (FEB 1997)**

(a) Except as may be specifically approved by the Contracting Officer, all commodities (e.g., equipment, materials, vehicles, supplies) and services (including commodity transportation services) which will be financed under this contract with U.S. dollars shall be procured in accordance with the requirements in 22 CFR part 228, "Rules on Source, Origin and Nationality for Commodities and Services Financed by USAID." The authorized source for procurement is Geographic Code 935 unless otherwise specified in the schedule of this contract. Guidance on eligibility of specific goods or services may be obtained from the Contracting Officer.

(b) Ineligible goods and services. The Contractor shall not procure any of the following goods or services under this contract:

- (1) Military equipment,

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

(c) Restricted goods. The Contractor shall not procure any of the following goods or services without the prior written approval of the Contracting Officer:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals and contraceptive items,
- (4) Pesticides,
- (5) Fertilizer,
- (6) Used equipment, or
- (7) U.S. government-owned excess property.

If USAID determines that the Contractor has procured any of these specific restricted goods under this contract without the prior written authorization of the Contracting Officer, and has received payment for such purposes, the Contracting Officer may require the Contractor to refund the entire amount of the purchase.

#### H.5 INSURANCE AND SERVICES

(a) Pursuant to AIDAR 752.228-3-Worker's Compensation Insurance (Defense Base Act), USAID's DBA insurance carrier is Allied World Assurance Company (Allied). The agent responsible for administration of USAID-funded policies with Allied is Aon Risk Insurance Services, Inc.

##### Primary Contact

AON  
199 Fremont St., Suite 1400  
San Francisco, CA 94105  
Regina Carter  
Phone: 415-486-7554

##### Secondary Contact

AON  
1120 20th St., N.W., Suite 600  
Washington, DC 20036  
Ellen Rowan  
Phone: 202-862-5306

(b) Current policies written by the former underwriter, CNA (with Rutherford being the agent and not AON), may remain in effect until they expire. Any claims that arise under CNA policies that are valid until 31 December 2010, or earlier, must be submitted to CNA through Rutherford, at the following address:

Rutherford International, Inc.  
5500 Cherokee Avenue, Suite 300  
Alexandria, VA 22312  
Points of Contact:  
Diane Proctor or Sue Somers  
(703) 813-6503  
Hours of Operation are: 8 a.m. to 5 p.m. (EST)  
Telefax: (703) 354-0370  
E-Mail: [www.rutherford.com](http://www.rutherford.com)

**H.6 AUTHORIZED GEOGRAPHIC CODE**

The authorized geographic code for procurement of goods and services under this contract is 935.

**H.7 AIDAR 752.7032 INTERNATIONAL TRAVEL APPROVAL AND NOTIFICATION REQUIREMENTS, AIDAR 752.7002 TRAVEL AND TRANSPORTATION AND AID 752.7027 PERSONNEL**

In accordance with the above clauses, the Contracting Officer hereby provides prior written approval for International travel, provided that concurrence with the assignment of individuals outside the United States is obtained by the Contractor, in writing, from the COTR prior to their assignment abroad, which must be within the terms of this contract, is subject to availability of funds, and should not be construed as authorization either to increase the estimated cost or to exceed the obligated amount in the contract or in the contract. The Contractor shall retain for audit purposes a copy of each travel concurrence.

**H.8 NONEXPENDABLE PROPERTY PURCHASES AND INFORMATION TECHNOLOGY RESOURCES**

Upon signature of the contract the contractor shall provide a list of all non expendable property and information technology resources to be purchased for performance of activities under this contract for the Contracting Officer review and approval.

**H.9 LOGISTIC SUPPORT**

The Contractor shall be responsible for furnishing all logistic support in the United States and overseas.

**H.10 LANGUAGE REQUIREMENTS**

Contractor key personnel and/or consultants shall have English, and local language proficiency (i.e. Dari, Pashtu), as needed, to perform contract requirements.

**H.11 EXECUTIVE ORDER ON TERRORISM FINANCING**

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

**H.12 REPORTING ON TAXATION OF U. S. FOREIGN ASSISTANCE**

(a) Annual Report. The contractor must annually submit a report on or before April 16 for each foreign country on the amount of foreign taxes charged, for the fiscal year passed (life of the project), by a foreign government on commodity purchase transactions valued at USD500 or more financed with U.S. foreign assistance funds under this contract during the prior U.S. fiscal year, and the amount reimbursed by the foreign government. [Reports are required even if the contractor did not pay any taxes during the reporting period.]

(b) Terms. For purposes of this clause:

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

(c) Where. Submit the reports to the following address with a soft copy to [kabulaidfinancialreport@usaid.gov](mailto:kabulaidfinancialreport@usaid.gov) :

Office of Financial Management  
USAID/Afghanistan  
Great Massoud Road  
Kabul, Afghanistan

(d) Contents of Report. The reports must contain:

- (i) contractor/grantee name;
- (ii) contact name with phone, fax and email;
- (iii) agreement number(s) if reporting by agreement(s);
- (iv) amount of foreign taxes assessed for each foreign government.
- (v) amount of any foreign taxes reimbursed by each foreign government.

(e) Sub-agreements. The [contractor/grantee] must include this reporting requirement in all applicable subcontracts, sub-grants and other sub-agreements.

(f) For further information see <http://www.state.gov/m/rm/c10443.htm>

### **H.13 CONFIDENTIALITY AND OWNERSHIP OF INTELLECTUAL PROPERTY**

All reports generated and data collected during this project shall be considered confidential and shall not be reproduced, disseminated or discussed in open forum, other than for the purposes of completing the tasks described in this document, without the express written approval of a duly-authorized representative of USAID. All findings, conclusions and recommendations shall be considered confidential and proprietary to US Government.

### **H.14 USAID DISABILITY POLICY - ACQUISITION (DECEMBER 2004)**

(a) The objectives of the USAID Disability Policy are (1) to enhance the attainment of United States foreign assistance program goals by promoting the participation and equalization of opportunities of individuals with disabilities in USAID policy, country and sector strategies, activity designs and implementation; (2) to increase awareness of issues of people with disabilities both within USAID programs and in host countries; (3) to engage other U.S. government agencies, host country counterparts, governments, implementing organizations and other donors in fostering a climate of nondiscrimination against people with disabilities; and (4) to support international advocacy for people with disabilities. The full text of the policy paper can be found at the following website: <http://www.usaid.gov/about/disability/DISABPOL.FIN.html>.

(b) USAID therefore requires that the contractor not discriminate against people with disabilities in the implementation of USAID programs and that it make every effort to comply with the objectives of the

USAID Disability Policy in performing this contract. To that end and within the scope of the contract, the contractor's actions must demonstrate a comprehensive and consistent approach for including men, women and children with disabilities.

#### H.15 PERSONNEL COMPENSATION

##### (a) Limitations:

(1) Salaries and wages may not exceed the Contractor's established policy and practice, including the Contractor's established pay scale for equivalent classifications of employees, which shall be certified to by the Contractor. Nor may any individual salary or wage, without approval of the Cognizant Contracting Officer, exceed the employee's current salary or wage, or the highest rate of annual salary or wage received during any full year of the immediately preceding three (3) years with the exception of an annual salary increase due as described in (d) of this section

(2) In addition, there is a ceiling on the reimbursable base salary or wage paid to personnel under the contract equivalent to the maximum annual salary of the USAID established rate for agencies without a certified SES performance appraisal system or unless the Contracting Officer approves a higher amount in accordance with the 2009 OPM Tables at <http://www.opm.gov/flsa/oca/09tables/indexGS.asp/>

##### (b) Salaries during Travel

Salaries and wages paid while in travel status will not be reimbursed for a travel period greater than the time required for travel by the most direct and expeditious air route.

##### (c) Return of Overseas Employees

Salaries and wages paid to an employee serving overseas who is discharged by the Contractor for misconduct, inexcusable non-performance, or security reasons will in no event be reimbursed for a period which extends beyond the time required to return the employee promptly to the point of origin by the most direct and expeditious air route.

##### (d) Annual Salary Increases

One annual salary increase not more than ■ (includes promotional increase) may be granted after the employee's completion of each twelve month period of satisfactory services under the contract. No CO approval is required for staff proposed at an increase of no more than ■ if the individual completed a 12 month period at the same base salary, and is consistent with the Contractor's established pay scales for the equivalent classifications of employees. Annual salary increases of any kind exceeding these limitations or exceeding USAID CST may be granted only with the advance written approval of the Contracting Officer.

##### (e) Consultants

No compensation for consultants will be reimbursed unless their use under the contract has advance written approval of the Contracting Officer's Technical Representative; and if such provision has been made or approval given, compensation shall not exceed: 1) the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years or 2) the USAID CST, whichever is less. Requests for waiver to this compensation guidance must be fully justified and shall require the approval of the Contracting Officer.

(f) Initial Salaries

The initial starting salaries of TBD key personnel and/or TBD expatriates whose salaries are charged as a direct cost to this contract must be approved, in advance and in writing, by the Contracting Officer.

Per AIDAR 722.170 (b) Compensation, including merit or promotion increases paid to CCN's may not, without the approval of the Mission Director or the Assistant Administrator having program responsibility for the project, exceed the prevailing compensation paid to personnel performing comparable work in the cooperating country as determined by the USAID Mission Local Compensation Plan. CCN whose salaries are considered within the Local Compensation Plan ranges do not need prior USAID approval.

Note: The Contractor must retain any approvals issued pursuant to sections (a) through (f) above for audit purposes. Approvals issued pursuant to the above must be within the terms of this contract, and shall not serve to increase the total estimated cost or the obligated amount of this contract, whichever is less (see Part I, Section B.3 of this contract).

(g) Work Week

(1) Non-overseas Employees.

The length of the contractor's U.S., non-overseas employees workday shall be in accordance with the contractor's established policies and practices and shall not be less than 8 hours per day and 40 hours per week.

(2) Overseas Employee

The work week for the Contractor's overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the USAID Mission and the Cooperating Country associated with the work of this contract.

(h) Compensation of Cooperating Country and Third Country Nationals (CCNs/TCNs):

Consistent with AIDAR 722.170(b), it is USAID policy that TCN/CCNs who are hired as local employees and whose salaries are 100% financed under an acquisition instrument be compensated in local currency, unless a Mission waiver has been obtained permitting compensation in dollars. Employee agreements or contracts entered into by contractors and CCN/TCNs must reflect a fixed annual or monthly salary, denominated in local currency with a provision for annual salary increases that have been approved by the Contracting Officer through negotiations.

USAID/Afghanistan per Mission Order 302.01 allows for TCN employees to be paid in US dollars. Further, the LCP for the US Embassy provides payments to CCN staff in US dollars. This mission order will be provided to the contractor upon request. The implementer will confirm its intent regarding currency used for payment of TCN/CCN staff for our files.

(i) Definitions

As used in this contract, the terms "salaries" and "wages" mean the periodic remuneration received for professional or technical personal services rendered. Unless the contract states otherwise, these terms do not include any other elements of personal compensation described in the cost principle in FAR 31.205-6 "Compensation for Personal Services," such as (but not limited to) the differentials or allowances defined in the clause of this contract entitled "Differentials and Allowances" (AIDAR 752.7028). The term

"compensation" is defined in FAR 31.205-6(a) and includes fees and honoraria related to the personal services provided under this contract, but excludes earnings from sources other than the individual's professional or technical work, overhead, or other charges.

**H.16**

**302.3.5.13 PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (July 2007)**

(a) Before a contractor (or a contractor employee) may obtain a USAID ID (new or replacement) authorizing him/her routine access to USAID facilities, or logical access to USAID's information systems, the individual must provide two forms of identity source documents in original form and a passport size photo. One identity source document must be a valid Federal or state government-issued picture ID. (Overseas foreign nationals must comply with the requirements of the Regional Security Office.) USAID/Washington contractors must contact the USAID Security Office to obtain the list of acceptable forms of documentation, and contractors working in overseas Missions must obtain the acceptable documentation list from the Regional Security Officer. Submission of these documents, and related background checks, are mandatory in order for the contractor to receive a building access ID, and before access will be granted to any of USAID's information systems. All contractors must physically present these two source documents for identity proofing at their USAID/Washington or Mission Security Briefing. The contractor or his/her Facilities Security Officer must return any issued building access ID and remote authentication token to USAID custody upon termination of the individual's employment with the contractor or completion of the contract, whichever occurs first.

(b) The contractor must comply with all applicable HSPD-12 and PIV procedures, as described above, and any subsequent USAID or government-wide HSPD-12 and PIV procedures/policies, including any subsequent related USAID General Notices, Office of Security Directives and/or Automated Directives System (ADS) policy directives and required procedures. This includes HSPD-12 procedures established in USAID/Washington and those procedures established by the overseas Regional Security Office.

(c) The contractor is required to include this provision in any subcontracts that require the subcontractor or subcontractor employee to have routine physical access to USAID space or logical access to USAID's information systems.

**H.17 ENVIRONMENTAL COMPLIANCE**

The contractor shall comply with 22 CFR 216<sup>8</sup> requirements, the Initial Environmental Examination Recommendations (see Attachment 8) and Afghan environmental laws and regulations.

**204.3.1 Mandatory Compliance with 22 CFR 216**

Effective Date: 05/11/2006

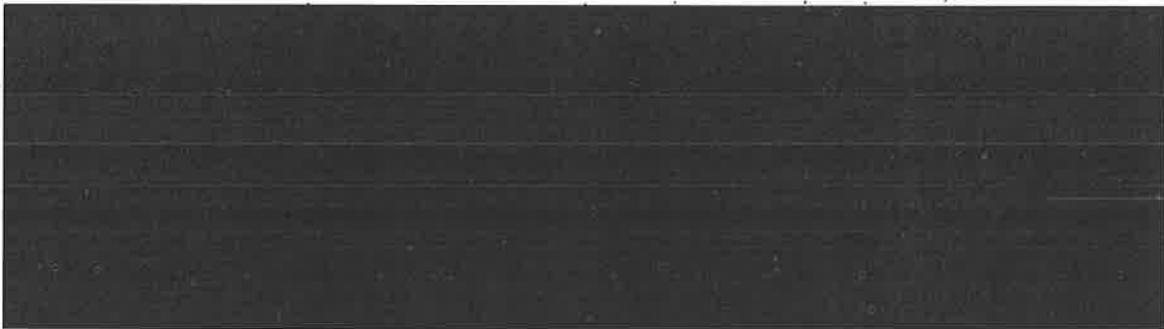
USAID's environmental procedures are established in Federal Regulation (**22 CFR 216**), as authorized by the **Foreign Assistance Act, Section 117**. In addition, these procedures constitute USAID's compliance with a series of binding legal requirements that have been placed on USAID including the terms of a Court Order resulting from **Civil Action 75-0500** in the District Court of the District of Columbia, Foreign Assistance Act Sections **118(c)** and **119(g)**, Section **517(d)** of the **FY06 Foreign Operations Appropriations Act (and predecessor provisions)**, the National Environmental Policy Act (**NEPA - 42 USC 4371 et seq.**), **40 CFR 1500**, and **Presidential Executive Order 12114** (see 204.4.1).

<sup>8</sup> [http://www.usaid.gov/our\\_work/environment/compliance/index.html](http://www.usaid.gov/our_work/environment/compliance/index.html)

USAID must fully comply with **22 CFR 216**, except to the extent that certain 22 CFR 216 terms may not be used in the current operations assistance processes. In such cases, as is also contemplated for certain special procedures in 22 CFR 216.3(a)(10), the terms used in this chapter of the ADS (which are intended to be as parallel as possible to the original terms) are used instead. However, **22 CFR 216** is controlling in the event of a legal conflict between this chapter and **22 CFR 216**. If there are questions, consult your BEO, the AEC, or General Counsel.

#### **H.18 CONSENT TO SUBCONTRACTS**

In accordance with Contract FAR clause 52.244-2, Subcontracts, the Contracting Officer consents to award of subcontracts as proposed in the Contractor's proposal at the cost proposed in the proposal, which resulted in the award of this Contract to the following firms for the products or services specified here:



If any of the activities carried out by the subcontractors listed above are negatively impacted by Presidential decree #62, the prime will consult with the COTR and Contracting Officer prior to signing the subcontract.

The Contractor must request Contracting Officer consent and submit the information required by the aforementioned clause for any subcontracts requiring consent but not listed here.

#### **H.19 GRANTS UNDER CONTRACT**

The Contractor shall award one or more grants on behalf of USAID to eligible recipients to further the Program, and shall generally administer such awarded grant(s), in accordance with the requirements of USAID's Automated Directives System (ADS) Chapter 303, 22 CFR 226, the provisions of this Agreement and applicable law.

1. **USAID Approval of Grantees:** The Contractor shall coordinate with the COTR with respect to the establishment of selection criteria for grantees, such that USAID shall have substantial involvement in the establishment of the selection criteria. Before awarding a proposed grant, the Contractor must receive the prior written approval of the COTR, as to (1) the identity of the proposed grantee, (2) the amount of the proposed grant, and (3) the nature of the grant activities.

2. **Ineligible Recipients:** Without the prior written consent of the USAID contracting officer on the Contract (the "Contracting Officer"), the Contractor may not award any grant to: (1) any entity which is a "private voluntary organization" ("PVO") but has not registered as such with USAID; (2) any entity whose name appears on the "List of Parties Excluded from Federal Procurement and Non-Procurement Programs"; (3) any "public international organization"; (4) any governmental organization; or (5) any

entity affiliated with the Contractor or any of its directors, officers or employees. In the case of an unregistered PVO which the Contractor believes might be able to undertake useful grant activities to further the Program, the Contractor may encourage the organization to register as a PVO with USAID, provided that the Contractor makes no promise, actual or implied, that the organization shall thereafter receive a grant.

3. Award of Grants: Without limiting the foregoing, this Section sets forth a brief overview of the Contractor's grant-making responsibilities. Grant-making duties include: (1) with USAID, establishing eligibility and selection criteria; (2) selecting grant recipients in accordance with competition requirements; and (3) after securing USAID's approval, drafting, negotiating and awarding grants.

4. Selection Criteria for the Program: The COTR will provide information to the Contractor as to the desired objectives to be met by the grant activities to be supported through the Program. The COTR may give the Contractor guidance as to the estimated number of grants to be awarded (and any limitations on the dollar amounts thereof) and as to the type of organization to be targeted for assistance (e.g., health care, farmers, etc.). USAID will have substantial involvement in the selection criteria for the grantees.

5. Form of Grant: Each grant awarded by the Contractor on behalf of USAID under this contract shall comply with the Contractor's grant manual which generally follows the requirement found in ADS 303.

6. Term of Grants: The Contractor may not award any grant for a period extending beyond the estimated termination or completion date of its Contract and whose term should allow for the orderly close-out prior to the expiration date of the contract.

7. Amount of Grants: The total estimated value of the grant program is stipulated in the contract budget.

8. Funding of Grants: Letter of Credit (LOC) payment is authorized for the Grants portion only of this contract.

9. Right of USAID to Supersede Contractor Decisions: Recognizing the paramount interest of the United States and USAID in grant-making, the parties agree that USAID may, in its sole discretion, supersede any decision, act or omission taken by the Contractor in respect of any grant made by it, or proposed to be made by it, hereunder. Notwithstanding any other provision of this Agreement, USAID retains the right, at all times hereunder, through the Contracting Officer, to (1) dictate a different decision with respect to the award or administration of any grant; (2) rectify an omission by the Contractor with respect to the award or administration of any grant; (3) take over the administration of any grant awarded hereunder; and/or (4) terminate, in whole or in part, the Contractor's authorities under this Agreement as well as any grant under this award.

10. Conflicts: In performing its duties hereunder, the Contractor shall scrupulously avoid any conflicts of interest. Should any conflict of interest arise, the Contractor shall immediately notify the Contracting Officer as to the conflict and the Contractor's proposed solution for avoiding the conflict; and the Contractor shall follow the instructions of the Contracting Officer.

11. Records Retention: The Contractor will act as custodian for USAID of all records relating to grants under the Contract. The Contractor will preserve all records with respect to its grant-making (including with respect to the deliberations of all Review Panels) and grant administration hereunder. Copies of all reports received from grantees will be promptly forwarded to the COTR or his/her designee. USAID and the Comptroller General shall have full access to all documents, papers and other records of the Contractor with respect to its duties hereunder. At the conclusion of the Contract, the Contractor shall consult with the Contracting Officer for direction as to which records shall be transferred to USAID.

12. Fixed-Obligation Grants: The Contractor is strongly recommended to use FOGs whenever possible.
13. Grants manual: The Contractor is required to develop a grant manual within 90 days after the award. If one exists, it should be compliant with ADS 303 and require approval of USAID.

#### **302.3.4.8 Grants Under Contracts (GUCs)**

Effective Date: 04/20/2006

Subject to the conditions discussed below, the Contracting Officer (CO) may enter into a direct contract that allows the contractor to execute grants with non-governmental organizations (non-profits or for-profits).

- a. This Grants Under Contracts (GUCs) authority is allowable only after the following clearance and approval have been obtained:
  - (1) Clearance from the cognizant General Counsel or Regional Legal Advisor and the CO, then
  - (2) Approval in writing from the Head of the Contracting Activity (HCA) for the specific contract for which it would be allowed.
- b. The grant program under the GUCs authority must meet the following conditions:
  - (1) The total value of an individual grant to a U.S. organization must not exceed \$100,000. (This limitation does not apply to grant awards to non-U.S. organizations.)
  - (2) It is not feasible to accomplish USAID objectives through normal USAID contract and grant awards because either
    - (a) Executing a number of small grant activities is particularly difficult for the responsible USAID Mission or office, or
    - (b) The grant program is incidental and relatively small in comparison to the other technical assistance activities of the contractor.
  - (3) USAID must be significantly involved in establishing the selection criteria and must approve the recipients. USAID may be less significantly involved when grants are quite small and are incidental to the contractor's technical activities.
  - (4) USAID must ensure that the requirements that apply to USAID-executed grants will also apply to grants that a USAID contractor executes.
  - (5) USAID must retain within the contract the ability to terminate the grant activities unilaterally in extraordinary circumstances.

USAID does not authorize contractors to execute or administer cooperative agreements on its behalf. Nor does USAID require HCA approval when a contractor will only be managing or administering grants already awarded by USAID.

a) **H.20 Use of Synchronized Pre-deployment and Operational Tracker (SPOT) for Contractors Supporting a Diplomatic or Consular Mission outside the United States (supplement to FAR 52.225-19)**

In accordance with paragraph (g) *Personnel Data*, of FAR clause 52.225-19, "Contractor Personnel in a Designated Operational Area of Supporting a Diplomatic or Consular Mission Outside the United States (MAR 2008)," the Contracting Officer hereby identifies DoD's Synchronized Pre-deployment and Operational Tracker (SPOT) as the required system to use for this contract in Afghanistan.

In accordance with Section 861 of the FY08 National Defense Authorization Act (FY08 NDAA), P.L. 110-181, USAID and the Departments of Defense (DOD) and State (DOS) have entered into a Memorandum of Understanding (MOU) under which USAID has agreed to establish a common database including information on contractors and contractor personnel performing work in Afghanistan. The MOU identifies SPOT as the common database to serve as the repository for this information. Information with regard to Afghan nationals will be entered under procedures provided separately by the Contracting Officer.

All contractor personnel must be accounted for in SPOT. Those requiring SPOT-generated Letters of Authorization (LOAs) must be entered into SPOT before being deployed to Afghanistan. If individuals requiring LOAs are already in Afghanistan at the time the contractor engages them or at the time of contract award, the contractor must immediately enter into SPOT each individual upon his or her becoming an employee or consultant under the contract. Contract performance may require the use of armed private security contractor personnel (PSCs). PSCs will be individually registered in SPOT. Personnel that do not require LOAs will still be required to be entered into SPOT for reporting purposes, either individually or using an aggregate tally methodology. Procedures for using SPOT are available at <http://www.dod.mil/bta/products/spot.html>. Further guidance may be obtained from the Contracting Officer's Technical Representative or the Contracting Officer. It is emphasized that SPOT applies to sub-awards and that this provision must be included in all sub-awards at any tier.

(End of Provision)

b) **Serious Incident Reporting In Afghanistan**

The implementing partner is responsible for reporting all serious incidents during performance of the award. This reporting shall apply to the prime implementing partner and all sub-awardees regardless of the tier (subs of subs and lower, etc). In addition to reporting, the prime is responsible for ensuring timely investigation of all serious incidents and maintaining on file all records of reported serious incidents.

A serious incident is defined as any of the following against an employee paid for with US Government funding or on a USAID funded worksite regardless of the tier of the employee:

1. Death of an individual.
2. Discharge of a firearm with the intent to cause bodily injury or the use of an instrument with the intent of causing serious bodily harm to an employee.
3. The detention of an employee against their will.

Implementing partners shall provide initial notification to the USAID Safety and Security Office (SSO), either orally or by email, of any serious incident – as soon as practical if it practical if it

cannot be done immediately. The emails shall be sent to: [Kabul AID SSO@usaid.gov](mailto:Kabul.AID.SSO@usaid.gov) This notification must provide as many details as are known at the time about of the incident. Within 24 hours of the incident, the implementing partner shall submit a more formal written incident report. The prime partner shall provide the report to the SSO and will concurrently send a copy to the USAID Cognizant Contracting/Agreement Officer's Technical Representative (C/AOTR) and the Contracting/Agreement Officer (C/AO).

The initial written report shall include the award number, the name of the company, location where the incident occurred (Lat/Lon or MGRS), time when the incident occurred, a brief description of the events of the incident, details about any known casualties and a point of contact for the company.

The implementing partner shall provide a follow-up comprehensive written report of events surrounding the incident within 96 hours when greater details are known. Additionally, if a serious incident which involves an employee wounded in action (WIA) who later succumbs of the wound (s), the partner shall notify the SSO within 24 hours of the death of the individual.

(End of Provision)

## H.21 SUBCONTRACTING REQUIREMENTS

- (a) Definitions: As used in this clause, "Principals" means the owner/president and all other individuals with a financial interest in the subcontractor, the program manager, project manager, and site foreman.
- (b) It is USAID's objective under this contract to promote competitive, transparent and appropriate local subcontracting with legitimate, competent and fully vetted subcontractors.

Contractor shall assure that all subcontractors and lower-tier subcontractors are actively engaged in the performance of subcontracted work. Contractor shall assure that subcontract "brokering" does not occur under this contract and that all subcontractor and lower-tier subcontractors selfperform appropriate portions of the subcontracted work. To promote the foregoing objectives, USAID may limit the number of "tiers" that Contractor may subcontract.

- (c) Therefore, in addition to the requirements of FAR 52.244-2 and prior to awarding any subcontract, the Contractor shall notify the Contracting Officer in writing if Contractor's intent to subcontract and obtain Contracting Officer's approval to award said subcontract(s).
- (d) Contractor's notification and request for approval to subcontract shall include the following information:
  - i. Subcontract number and title (or a general description of the subcontract work);
  - ii. Names, addresses, telephone numbers and e-mail addresses of the subcontractor and all lower-tier subcontractors (regardless of dollar amount or percentage of work to be performed);
  - iii. The total value of the work and total value of the work to be self-performed by the subcontractor;
  - iv. A copy of Afghan business license (Afghan firms only);
  - v. Subcontractor and lower-tier subcontractor banking information to include, bank name, routing identifier, account number and name(s) on account(s);

- vi. Identification information for the subcontractor and lower-tier subcontractor Principals to include, full name, address, nationality, identity card/passport number, date of birth; and Contract No
  - vii. A table depicting the work to be performed and the total value of the work to be performed by the subcontractor and each lower-tier subcontractor.
- (e) As required by section I.18 of this contract, the Contractor shall perform with its own organization, at least 15 percent of the work required under the contract. The Government intends to limit the number of tiers of subcontracts. Performance by the Contractor, subcontractors or lower-tier subcontractors of work which is only administrative in nature shall not meet the requirements of this clause.
  - (f) The contractor and all its subcontractors and lower-tier subcontractors shall maintain payrolls and basic personnel records for all personnel working under the contract. Said records shall be made available to the government during contract performance and for 3 years after contract completion. The records shall contain the name of each employee, labor classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid.
  - (g) Subcontracts. The contractor shall include this clause in all subcontracts, and shall require subcontractors to include this clause in all lower-tier subcontracts. The contractor shall be responsible for compliance with this clause by all subcontractors and lower-tier subcontractors.
  - (h) The contracting officer's approval to subcontract, to include approval of lower tier subcontracts, does not constitute a determination —
    - i. Of the acceptability of any subcontract terms or conditions;
    - ii. (ii) To relieve the Contractor of their responsibility as the prime contractor for all performance under this contract.
    - iii. The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum extent practical.
  - (i) Submission of false information required by this clause or non-compliance with the requirements of the clause shall be considered a material breach of the contract.

## H.22 GENDER REQUIREMENTS

Congress has mandated that USAID programs address the needs and protect the rights of Afghan women and girls, including efforts undertaken to prevent discrimination and violence against women and girls; provide economic and leadership opportunities; increase participation of women in the political process at the national, provincial and sub-provincial levels; improve security for women and girls; and any other programs designed to directly benefit women and girls. As required by USAID policies, the Contractor shall integrate assistance to women into all stages of development, planning, programming and implementation as a part of this contract or assistance program. Such integration shall focus on Afghan-led programs directly contributing to any or all the three pillars of development outlined in the ten-year National Action Plan for the Women of Afghanistan (NAPWA): 1) Security; 2) Government, Rule of Law, and Human Rights; and 3) Economic and Social Development. The contractor shall establish the necessary accounting and management systems to separately track and report to USAID fiscal year expenditures under the contract supporting issues of gender equality and women and girls as beneficiaries during each fiscal year of the contract.

The Contractor shall establish the necessary implementation, management and reporting systems to separately track and report to USAID data on female beneficiaries and measurable impacts of activities intended to address the needs of women and girls. Project quarterly implementation reports shall specifically include information on the following, to the extent that it is applicable to the contract: 1) the

total number of women and girls supported through the contract on a quarterly basis through Afghan Info; 2) number of women accessing basic services, including education and health; 3) number of interventions leading to increased employment and economic opportunities for women, as well of number of beneficiaries; 4) number of interventions resulting in increased participation of women in government and civil society; 5) number of activities supporting legal rights and public access for women; and, 6) outcomes for women who have benefited from the contract/agreement. The Contractor shall refer to USAID/Afghanistan's comprehensive Performance Management Plan (PMP) for complete list of gender indicators. To the extent possible, indicators applicable to the contract will be disaggregated by gender.

**[END OF SECTION H]**

**SECTION I: CONTRACT CLAUSES**

**I.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause:

| NUMBER   | TITLE  | DATE     |
|--|--|----------|
| <b>FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)</b> |  |          |
| 52.202-1   | DEFINITIONS  | JUL 2004 |
| 52.203-3   | GRATUITIES   | APR 1984 |
| 52.203-5   | COVENANT AGAINST CONTINGENT FEES                                 | APR 1984 |
| 52.203-6   | RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT            | SEP 2006 |
| 52.203-7   | ANTI-KICKBACK PROCEDURES   | JUL 1995 |
| 52.203-10  | PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY         | JAN 1997 |
| 52.203-12  | LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS | SEP 2007 |
| 52.203-13  | CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT                   | APR 2010 |
| 52.203-14  | DISPLAY OF HOTLINE POSTER  | DEC 2007 |
| 52.204-4   | PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER                 | AUG 2000 |
| 52.204-7   | CENTRAL CONTRACTOR REGISTRATION                                  | APR 2008 |
| 52.204-9   | PERSONAL IDENTIFICATION VERIFICATION OF CONTRACTOR PERSONNEL     | SEP 2007 |
| 52.209-5   | CERTIFICATION REGARDING RESPONSIBILITY MATTERS                   | APR 2010 |
| 52.209-6   | PROTECTING THE GOVERNMENT'S INTEREST                             |          |

|           |  |          |
|-----------|--|----------|
| 52.204-9  | PERSONAL IDENTIFICATION VERIFICATION OF CONTRACTOR PERSONNEL   | SEP 2007 |
| 52.209-5  | CERTIFICATION REGARDING RESPONSIBILITY MATTERS   | APR 2010 |
| 52.209-6  | PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT | SEP 2006 |
| 52.209-7  | INFORMATION REGARDING RESPONSIBILITY MATTERS   | APR 2010 |
| 52.209-8  | UPDATES OF INFORMATION REGARDING RESPONSIBILITY MATTERS  | APR 2010 |
| 52.212-5  | CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS – COMMERCIAL ITEMS                      | OCT 2010 |
| 52.213-4  | TERMS AND CONDITIONS – SIMPLIFIED ACQUISITIONS (OTHER THAN COMMERCIAL ITEMS)   | OCT 2010 |
| 52.215-2  | AUDIT AND RECORDS--NEGOTIATION   | MAR 2009 |
| 52.215-8  | ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT   | OCT 1997 |
| 52.216-7  | ALLOWABLE COST AND PAYMENT   | DEC 2002 |
| 52.216-8  | FIXED FEE  | MAR 1997 |
| 52.216-24 | LIMITATION OF GOVERNMENT LIABILITY   | APR 1984 |
| 52.217-8  | OPTIONS TO EXTEND SERVICES   | NOV 1999 |
| 52.222-3  | CONVICT LABOR  | JUN 2003 |
| 52.222-21 | PROHIBITION OF SEGREGATED FACILITIES   | FEB 1999 |
| 52.222-26 | EQUAL OPPORTUNITY  | MAR 2007 |
| 52.222-29 | NOTIFICATION OF VISA DENIAL  | JUN 2003 |
| 52.222-35 | EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS                         | SEP 2006 |
| 52.222-36 | AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES   | JUN 1998 |
| 52.222-37 | EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS                | SEP 2006 |
| 52.222-50 | COMBATING TRAFFICKING IN PERSONS   | FEB 2009 |
| 52.222-54 | EMPLOYMENT ELIGIBILITY VERIFICATION  | JAN 2009 |
| 52.225-13 | RESTRICTIONS ON CERTAIN FOREIGN PURCHASES  | JUN 2008 |
| 52.225-19 | CONTRACTOR PERSONNEL IN A DESIGNATED OPERATIONAL AREA OR SUPPORTING A DIPLOMATIC OR CONSULAR MISSION OUTSIDE THE US.     | MAR 2008 |
| 52.227-14 | RIGHTS IN DATA – GENERAL   | DEC 2007 |
| 52.228-3  | WORKERS' COMPENSATION INSURANCE (DEFENSE BASE ACT)   | APR 1984 |
| 52.228-7  | INSURANCE--LIABILITY TO THIRD PERSONS  | MAR 1996 |
| 52.229-7  | TAXES--FIXED-PRICE CONTRACTS WITH FOREIGN GOVERNMENTS  | JAN 1991 |
| 52.230-2  | COST ACCOUNTING STANDARDS  | OCT 2008 |

|           |   |          |
|-----------|---|----------|
| 52.230-6  | ADMINISTRATION OF COST ACCOUNTING STANDARDS | JUN 2010 |
| 52.232-17 | INTEREST                                    | OCT 2008 |
| 52.232-22 | LIMITATION OF FUNDS                         | APR 1984 |
| 52.232-23 | ASSIGNMENT OF CLAIMS                        | JAN 1986 |
| 52.232-25 | PROMPT PAYMENT                              | OCT 2008 |
| 52.233-3  | PROTEST AFTER AWARD                         | AUG 1996 |
| 52.233-4  | APPLICABLE LAW FOR BREACH OF CONTRACT CLAIM | OCT 2004 |
| 52.237-3  | CONTINUITY OF SERVICES                      | JAN 1991 |
| 52.242-1  | NOTICE OF INTENT TO DISALLOW COSTS          | APR 1984 |
| 52.242-3  | PENALTIES FOR UNALLOWABLE COSTS             | MAR 2001 |
| 52.242-13 | BANKRUPTCY                                  | JUL 1995 |
| 52.243-2  | CHANGES--COST REIMBURSEMENT                 | AUG 1987 |
| 52.244-2  | SUBCONTRACTS                                | JUN 2007 |
| 52.244-6  | SUBCONTRACTS FOR COMMERCIAL ITEMS           | JUL 2010 |
| 52.245-1  | GOVERNMENT PROPERTY                         | AUG 2010 |
| 52.246-23 | LIMITATION OF LIABILITY                     | FEB 1997 |
| 52.248-1  | VALUE ENGINEERING                           | FEB 2000 |
| 52.249-6  | TERMINATION (COST-REIMBURSEMENT) (MAY 2004) | MAY 2004 |
| 52.249-14 | EXCUSABLE DELAYS                            | APR 1984 |
| 52.253-1  | COMPUTER GENERATED FORMS                    | JAN 1991 |

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|            |   |          |
|------------|---|----------|
| 752.202-1  | DEFINITIONS   | JAN 1990 |
| 752.209-71 | ORGANIZATIONAL CONFLICT OF INTEREST DISCOVERED AFTER AWARD  | JUN 1993 |
| 752.211-70 | LANGUAGE AND MEASUREMENT                                    | JUN 1992 |
| 752.245-70 | GOVERNMENT PROPERTY-USAID REPORTING REQUIREMENTS            |          |
| 752.245-71 | TITLE TO AND CARE OF PROPERTY                               | APR 1984 |
| 752.7001   | BIOGRAPHICAL DATA   | JUL 1997 |
| 752.7002   | TRAVEL AND TRANSPORTATION                                   | JAN 1990 |
| 752.7006   | NOTICES   | APR 1984 |
| 752.7007   | PERSONNEL COMPENSATION                                      | JUL 2007 |
| 752.7008   | USE OF GOVERNMENT FACILITIES OR PERSONNEL                   | APR 1984 |
| 752.7010   | CONVERSION OF U.S. DOLLARS TO LOCAL CURRENCY                | APR 1984 |
| 752.7011   | ORIENTATION AND LANGUAGE TRAINING                           | APR 1984 |
| 752.7013   | CONTRACTOR-MISSION RELATIONSHIPS                            | OCT 1989 |
| 752.7014   | NOTICE OF CHANGES IN TRAVEL REGULATIONS                     | JAN 1990 |
| 752.7015   | USE OF POUCH FACILITIES                                     | JUL 1997 |
| 752.7025   | APPROVALS   | APR 1984 |
| 752.7028   | DIFFERENTIALS AND ALLOWANCES                                | JUL 1996 |
| 752.228-3  | WORKER'S COMPENSATION INSURANCE (DEFENSE BASE ACT)          |          |
| 752.228-7  | INSURANCE-LIABILITY TO THIRD PERSONS                        |          |
| 752.7029   | POST PRIVILEGES   | JUL 1993 |
| 752.7032   | INTERNATIONAL TRAVEL APPROVAL AND NOTIFICATION REQUIREMENTS | JAN 1990 |

**I.2 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 2000)**

(a) The Government may extend the term of this contract by written notice to the Contractor within 60 days; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed five years.

**I.3 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)**

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address (es):

<http://arnet.gov/far/>

<http://www.usaid.gov/business/regulations/>

**I.4 COMMUNICATIONS PRODUCTS (OCT 1994)**

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

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

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

(1) All communications materials funded by operating expense account funds;

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

(3) Any communication products that will be sent directly to, or likely to be seen by, a Member of Congress or Congressional staffer; and

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

(d) The initial proposal must provide a separate estimate of the cost of every communications product as defined in paragraph (a) above [not just those which meet the criteria in paragraph (c)] which is anticipated under the contract. Each estimate must include all of the costs associated with preparation and execution of the product. Any subsequent request for approval of a covered communication product must provide the same type of cost information.

**I.5 52.227-23 RIGHTS TO PROPOSAL DATA (TECHNICAL) (JUN 1987)**

Except for data contained in the cost proposal, revised cost proposal, and response to cost proposal, it is agreed that as a condition of award of this contract, and notwithstanding the conditions of any notice appearing thereon, the Government shall have unlimited rights (as defined in the "rights in Data - General" clause contained in this contract) in and to the technical data contained in the proposals dated [REDACTED] upon which this contract is based.

**I.6 AIDAR 752.225-71 LOCAL PROCUREMENT (FEB 1997)**

(a) Local procurement involves the use of appropriated funds to finance the procurement of goods and services supplied by local businesses, dealers or producers, with payment normally being in the currency of the cooperating country.

(b) All locally-financed procurements must be covered by source/ origin and nationality waivers as set forth in subpart F of 22 CFR part 228 except as provided for in 22 CFR 228.40, Local procurement.

**I.7 52.203-8 CANCEL, RESCIND, RECOVER FUNDS ILLEGAL/IMPROPER ACTIVITY (JAN 1997)**

(a) If the Government receives information that a contractor or a person has engaged in conduct constituting a violation of subsection (a), (b), (c), or (d) of Section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423) (the Act), as amended by section 4304 of the National Defense Authorization Act for Fiscal Year 1996(Pub. L. 104-106), the Government may--

(1) Cancel the solicitation, if the contract has not yet been awarded or issued; or

(2) Rescind the contract with respect to which--

(i) The Contractor or someone acting for the Contractor has been convicted for an offense where the conduct constitutes a violation of subsection 27 (a) or (b) of the Act for the purpose of either--

(A) Exchanging the information covered by such subsections for anything of value; or

(B) Obtaining or giving anyone a competitive advantage in the award of a Federal agency procurement contract; or

(ii) The head of the contracting activity has determined, based upon a preponderance of the evidence, that the Contractor or someone acting for the Contractor has engaged in conduct constituting an offense punishable under subsection 27(e)(1) of the Act.

(b) If the Government rescinds the contract under paragraph (a) of this clause, the Government is entitled to recover; in addition to any penalty prescribed by law, the amount expended under the contract.

(c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law, regulation, or under this contract.

**1.8 52.243-7 NOTIFICATION OF CHANGES (APR 1984)**

(a) Definitions. "Contracting Officer," as used in this clause, does not include any representative of the Contracting Officer. "Specifically Authorized Representative (SAR)," as used in this clause, means any person the Contracting Officer has so designated by written notice (a copy of which shall be provided to the Contractor) which shall refer to this subparagraph and shall be issued to the designated representative before the SAR exercises such authority.

(b) Notice. The primary purpose of this clause is to obtain prompt reporting of Government conduct that the Contractor considers to constitute a change to this contract. Except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Administrative Contracting Officer in writing promptly, within calendar days from the date that the Contractor identifies any Government conduct (including actions, inactions, and written or oral communications) that the Contractor regards as a change to the contract terms and conditions. On the basis of the most accurate information available to the Contractor, the notice shall state--

- (1) The date, nature, and circumstances of the conduct regarded as a change;
- (2) The name, function, and activity of each Government individual and Contractor official or employee involved in or knowledgeable about such conduct;
- (3) The identification of any documents and the substance of any oral communication involved in such conduct;
- (4) In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;
- (5) The particular elements of contract performance for which the Contractor may seek an equitable adjustment under this clause, including--
  - (i) What contract line items have been or may be affected by the alleged change;
  - (ii) What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;
  - (iii) To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;
  - (iv) What adjustments to contract price, delivery schedule, and other provisions affected by the alleged change are estimated; and
- (6) The Contractor's estimate of the time by which the Government must respond to the Contractor's notice to minimize cost, delay or disruption of performance.

(c) Continued performance. Following submission of the notice required by (b) above, the Contractor shall diligently continue performance of this contract to the maximum extent possible in accordance with its terms and conditions as construed by the Contractor, unless the notice reports a direction of the Contracting Officer or a communication from a SAR of the Contracting Officer, in either of which events

the Contractor shall continue performance; provided, however, that if the Contractor regards the direction or communication as a change as described in (b) above, notice shall be given in the manner provided. All directions, communications, interpretations, orders and similar actions of the SAR shall be reduced to writing promptly and copies furnished to the Contractor and to the Contracting Officer. The Contracting Officer shall promptly countermand any action which exceeds the authority of the SAR.

(d) Government response. The Contracting Officer shall promptly, within calendar days after receipt of notice, respond to the notice in writing. In responding, the Contracting Officer shall either--

(1) Confirm that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance;

(2) Countermand any communication regarded as a change;

(3) Deny that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance; or

(4) In the event the Contractor's notice information is inadequate to make a decision under (1), (2), or (3) above, advise the Contractor what additional information is required, and establish the date by which it should be furnished and the date thereafter by which the Government will respond.

(e) Equitable adjustments. (1) If the Contracting Officer confirms that Government conduct effected a change as alleged by the Contractor, and the conduct causes an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether changed or not changed by such conduct, an equitable adjustment shall be made--

(i) In the contract price or delivery schedule or both; and

(ii) In such other provisions of the contract as may be affected.

(2) The contract shall be modified in writing accordingly. In the case of drawings, designs or specifications which are defective and for which the Government is responsible, the equitable adjustment shall include the cost and time extension for delay reasonably incurred by the Contractor in attempting to comply with the defective drawings, designs or specifications before the Contractor identified, or reasonably should have identified, such defect.

When the cost of property made obsolete or excess as a result of a change confirmed by the Contracting Officer under this clause is included in the equitable adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of the property. The equitable adjustment shall not include increased costs or time extensions for delay resulting from the Contractor's failure to provide notice or to continue performance as provided, respectively, in (b) and (c) above.

#### **1.9 752.242-70 PERIODIC PROGRESS REPORTS (OCT 2007)**

(a) The contractor shall prepare and submit progress reports as specified in the contract schedule. These reports are separate from the interim and final performance evaluation reports prepared by USAID in accordance with FAR 42.15 and internal Agency procedures, but they may be used by USAID personnel or their authorized representatives when evaluating the contractor's performance.

(b) During any delay in furnishing a progress report required under this contract, the contracting officer may withhold from payment an amount not to exceed US\$25,000 (or local currency equivalent) or 5

percent of the amount of this contract, whichever is less, until such time as the contractor submits the report or the contracting officer determines that the delay no longer has a detrimental effect on the Government's ability to monitor the contractor's progress.

**I.10 52.229-8 TAXES—FOREIGN COST-REIMBURSEMENT CONTRACTS (MAR 1990)**

(a) Any tax or duty from which the United States Government is exempt by agreement with the Government of, or from which the Contractor or any subcontractor under this contract is exempt under the laws of, shall not constitute an allowable cost under this contract.

(b) If the Contractor or subcontractor under this contract obtains a foreign tax credit that reduces its Federal income tax liability under the United States Internal Revenue Code (Title 28, U.S.C.) because of the payment of any tax or duty that was reimbursed under this contract, the amount of the reduction shall be paid or credited at the time of such offset to the Government of the United States as the Contracting Officer directs.

**I.11 INTERNATIONAL TRAVEL APPROVAL**

In accordance with the clearance/approval requirements in paragraph (a) of AIDAR 752.7027 Personnel (DEC 1990) (incorporated by reference in section H) and AIDAR 752.7032 International Travel Approval and Notification Requirements (JAN 1990) (incorporated by reference above), the Contracting Officer hereby provides prior written approval provided that the Contractor obtains the COTR's written concurrence with the assignment of individuals outside the United States before the assignment abroad, which must be within the terms of this contract, is subject to availability of funds, and should not be construed as authorization either to increase the estimated cost or to exceed the obligated amount (see Section B). The Contractor shall retain for audit purposes a copy of each travel concurrence.

**I.12 752.219-70 USAID MENTOR-PROTÉGÉ PROGRAM (JULY 2007)**

(a) Large and small business are encouraged to participate in the USAID Mentor-Protégé Program (the "Program"). Mentor firms provide eligible small business Protégés with developmental assistance to enhance their business capabilities and ability to obtain Federal contracts.

(b) Mentor firms are large prime contractors or eligible small business capable of providing developmental assistance. Protégé firms are small business as defined in 13 CFR Parts 121, 124, and 126.

(c) Developmental assistance is technical, managerial, financial, and other mutually beneficial assistance that aids Protégés. The costs for developmental assistance are not chargeable to the contract.

(d) Firms interested in participating in the Program are encouraged to contact the USAID Mentor-Protégé Program Manager (202-712-1500) for more information.

**I.13 752.219-71 MENTOR REQUIREMENTS AND EVALUATION (JULY 2007)**

(a) Mentor and Protégé firms shall submit an evaluation of the overall experience in the Program to OSDDBU at the conclusion of the mutually agreed upon Program period, the conclusion of the contract, or the voluntary withdrawal by either party from the Program, whichever occurs first. At the conclusion of each year in the Mentor-Protégé Program, the Mentor and Protégé will formally brief the USAID Mentor-Protégé Program Manager regarding Program accomplishments under their Mentor-Protégé Agreement.

(b) Mentor or Protégé shall notify OSDDBU in writing, at least 30 calendar days in advance of the effective date of the firm's withdrawal from the Program.

**I.14 752.7101 VOLUNTARY POPULATION PLANNING ACTIVITIES (JUNE 2008)**

(a) *Requirements for Voluntary Sterilization Program.* None of the funds made available under this contract shall be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any individual to practice sterilization.

(b) *Prohibition on Abortion-Related Activities.*

(1) No funds made available under this contract will be used to finance, support, or be attributed to the following activities: (i) procurement or distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (ii) special fees or incentives to any person to coerce or motivate them to have abortions; (iii) payments to persons to perform abortions or to solicit persons to undergo abortions; (iv) information, education, training, or communication programs that seek to promote abortion as a method of family planning; and (v) lobbying for or against abortion. The term "motivate", as it relates to family planning assistance, shall not be construed to prohibit the provision, consistent with local law, of information or counseling about all pregnancy options.

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

(c) The contractor shall insert this provision in all subcontracts.

[END OF SECTION I]

**SECTION J: LIST OF ATTACHMENT**

**Appendix 1 IDENTIFICATION OF PRINCIPAL GEOGRAPHIC CODE NUMBERS**

The USAID Geographic Code Book sets forth the official description of all geographic codes used by USAID in authorizing or implementing documents, to designate authorized source countries or areas. The following are summaries of the principal codes:

(a) Code 000--The United States: The United States of America, any State(s) of the United States, the District of Columbia, and areas of U.S.-associated sovereignty, including commonwealths, territories and possessions.

(b) Code 899--Any area or country, except the cooperating country itself and the following foreign policy restricted countries: Libya, Cuba, Iran, North Korea, and Syria.

(c) Code 935--Any area or country including the cooperating country, but excluding the foreign policy restricted countries.

(d) Code 941--The United States and any independent country (excluding foreign policy restricted countries), except the cooperating country itself and the following: Albania, Andorra, Angola, Armenia, Austria, Australia, Azerbaijan, Bahamas, Bahrain, Belgium, Bosnia and Herzegovina, Bulgaria, Belarus, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Gabon, Georgia, Germany,

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Greece, Hong Kong, Hungary, Iceland, Ireland, Italy, Japan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia\*, Malta, Moldova, Monaco, Mongolia, Montenegro\*, Netherlands, New Zealand, Norway, Poland, Portugal, Qatar, Romania, Russia, San Marino, Saudi Arabia, Serbia\*, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan\*, Tajikistan, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom, Uzbekistan, and Vatican City.

(e) Code 110 – Collective for New Independent States of the former Soviet Union.

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\* Has the status of a "Geopolitical Entity", rather than an independent country.

[END OF SECTION J]

