



USAID | AFGHANISTAN

FROM THE AMERICAN PEOPLE

October 16, 2012

Mr. Michael Deal
Executive Director and CEO
Volunteers for Economic Growth Alliance (VEGA)
1726 M Street, NW Suite 800
Washington, DC 20036 USA

Subject: Associate Cooperative Agreement No. AID-306-LA-13-00001 – Assistance in Building Afghanistan by Developing Enterprises (ABADE)

Dear Mr. Deal:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development, (hereinafter, referred to as “USAID” or “Awardee”) hereby provides to Volunteers for Economic Growth Alliance (VEGA) (hereinafter referred to as “Recipient”) the sum set forth in Section A.3 of this Award to provide support for the program described in Attachment B of this Award entitled "Program Description."

This Award is effective as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives for the period described in Section A.2 of the Schedule. USAID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

This Award is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in the attachments listed under my signature below, which together constitute the entire Award document, and to which your organization has agreed.

Please sign a copy of this letter to acknowledge your receipt of this Award, and return the signed copy to Brian K. Woody, Agreement Officer at bwoody@usaid.gov.

Sincerely,

Michael Ashkouri
Agreement Officer

ATTACHMENT A- SCHEDULE

A.1 PURPOSE OF AWARD

The purpose of this four-year Associate Cooperative Agreement is to provide support for the program described in Attachment B entitled "Program Description."

A.2 PERIOD OF AWARD

1. The effective date of this Award is the date of the cover letter. The estimated completion date of this award is October 16, 2016.

A.6 SUB-AWARD, TRANSFER, OR CONTRACTING-OUT OF ANY WORK (OTHER THAN THE PURCHASE OF SUPPLIES, MATERIAL, Equipment, OR GENERAL SUPPORT SERVICES)

Pursuant to 22 CFR 226.25(c)(8), prior approval is required for the sub-award, transfer, or contracting-out of any work hereunder, (other than the purchase of supplies, material, equipment, or general support services), unless, it was described in the Recipient's application (see Attachment B of this Award) and funded in the approved budget of the award. Except as indicated above, all other contracts sub-awards, transfers, and sub-grants must have the prior approval of the Agreement Officer.

VEGA/IESC is required to obtain separate approval from the Agreement Officer for the sub-awards to APPF and the proposed RMC.

A.7 REPORTING AND EVALUATION

A.7.1 FINANCIAL REPORTING

In accordance with 22 CFR 226.52, the **SF 425** and **SF 425a** are used to report actual expenditures and are required on a quarterly basis. The Recipient shall submit these forms in the following manner:

The SF 425 (as appropriate) must be submitted to the Agreement Officer's Representative (AOR), Agreement Officer and the Office of Financial Management at kabulfinancialreport@usaid.gov. These reports shall be submitted within 45 calendar days from the end of each quarter, except that the final report shall be submitted within 90 calendar days from the estimated completion date of this Award.

The SF 425 must be submitted via electronic format to the U.S. Department of Health and Human Services (DHHS): (<http://www.dpm.psc.gov>).

In accordance with 22 CFR 226.70-72, the original and two (2) copies of all final financial reports shall be submitted to Bureau for Management/Office of Financial Management/Cash Management and Payments Division (**M/FM)/CMP**), Letter of Credit (LOC) Unit, USAID/Washington, the Agreement Officer (if requested) and the Agreement Officer's Representative (AOR).

A.7.2 PROGRAMMATIC REPORTING

Annual Work Plans:

Not later than 60 days from the effective date of this Award, the Recipient shall work with the AOR to finalize the draft annual work-plan that was submitted with V.EGA/IESC's technical application. Not later than 60 days prior to the beginning of each subsequent year, the Recipient shall submit one copy to the AOR of draft annual work-plan for each subsequent year. The work-plan shall include the activities planned to be conducted, the site(s) where they will be conducted, and benchmarks/milestones; the outputs/outcomes which the Recipient expects to achieve; and the inputs planned to be provided by the Recipient, during the work-plan period. Included in the work plan shall be an explanation of how those inputs are expected to achieve the outputs/outcomes and benchmarks/milestones. The work-plans will also include the Recipient's

planned international travel, as described in the applicable Standard Provision, "International Mr Travel and Transportation."

The AOR shall review the draft annual work-plan, and shall provide comments within 30 days from receipt. Thereafter, the Recipient shall submit one copy of the final work-plan within 15 days of receipt of the AOR's comments to the AOR for approval.

Quarterly Reports:

The Recipient shall submit a quarterly report on progress toward program achievements and include both programmatic and administrative elements as well as identify outstanding issues requiring resolution and actions that shall be taken in the next quarter to address implementation issues. This report shall be submitted 30 days after the end of each quarter. These reports shall also detail funds disbursed on various program activities, staff costs, administrative costs and all relevant implementation disbursements. This requirement shall go beyond the usual financial reporting by implementers of Cooperative Agreements so that the AOR may be aware of all financial aspects of the program. These reports shall be part of the substantial involvement by USAID/Afghanistan in the management of the program.

Final Program Report:

The Recipient shall submit a final program report to USAID/Afghanistan within 30 days after the termination of the program. This final report shall detail all program achievements and progress toward that achievement of the targets for the indicators in the PMP.

The Recipient shall submit one copy of a Final Report to the USAID AOR and one copy to the Agreement Officer. In addition, one copy shall be submitted to USAID Development Experience Clearinghouse (USC):

On-Line (preferred):<https://dec.usaid.gov>

Mailing Address

Development Experience Clearinghouse (DEC)
USAID Knowledge Service Center
MJCIO/TTSD/KM
1300 Pennsylvania Avenue, NW
Ronald Reagan Building (RRB) M.01-10
Washington, D.C. 20523-6100

Contact Information

Telephone: (202) 712-0579
E-mail: docsubmit@usaid.gov

The Final Report shall contain the following information, covering the full period of the proposed Award: Award Number; Award Title; Recipient's Name; Author's Name(s); An executive summary of the accomplishments and results achieved; An overall description of the activities and accomplishments; A summary of problems/obstacles encountered during implementation; An assessment of the performance in accomplishing the project's objectives; Significance of these activities; Description of impact and expected sustainable results; Cumulative data for numerical targets, which comparisons to baseline; List of project documents and other reference materials related to the project, including sources of information; Findings; and Comments and recommendations.

Monitoring and Evaluation (M&E) Plan:

Not later than 60 days from the effective date of this Award, the Recipient shall submit to the AOR a draft M&E plan. The Implementing Partner(s) will report on the indicators included in the PMP on a quarterly basis,

as well as on any other indicators agreed upon between the implementing partner(s), AOR and the Monitoring and Evaluation Unit in USAID's Programming Office, both through Afghan Info and other standard reports. Implementing partner(s) will also provide periodic performance reports summarizing progress of the major activities during the life of the project as related to the requirements of the agreement, indicating any problems encountered, and proposing remedial actions as appropriate.

The AOR will provide comments within 30 days, and the Recipient shall then submit three copies of the final M&E plan within 15 days of receipt of the AOR's comments to the AOR for approval. The M&E plan must be approved by the AOR.

Additionally, while OEGI in Kabul will manage the ABADE project, field based on-site monitors (OSMs) may carry out certain monitoring functions. The exact role of the USAID field personnel, if any, will be determined after award.

Notifications:

The Recipient shall submit one copy to the AOR and one copy to the Agreement Officer of notifications (in writing), as follows:

- (i) Developments which have a significant impact on the activities supported by this Award; and
- (ii) Problems, delays, or adverse conditions which materially impair the ability to meet the objectives of this Award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the problem.

A.7.3 DATABASE REPORTING REQUIREMENTS

The demands for performance information are constant and various in a high profile program such as Afghanistan's, The Afghan Info database, enabled to track performance indicators in addition to activity inputs and outputs, will be the basis for contributing to other regular, on-going reporting exercises and to the many ad-hoc requests for performance analysis that are a constant element of the environment of high profile program.

USATD/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 Recipient shall provide at least a quarterly update of information on the activities under the Agreement by entering this information into the USAID/Afghanistan management information system. The Recipient 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.

A.8 SUBSTANTIAL INVOLVEMENT

USAID anticipates a close working partnership with the Recipient for this Award. USAID will exercise Substantial Involvement, as defined in ADS 303.3.11, under the Award. USAID's involvement during the performance of the proposed Award is anticipated in the following areas:

- a. Review and approval of recipient's key personnel, and any changes in key personnel
- b. Approval from the USAID Agreement Officer in writing, on the selection of all Sub-Awardees of proposed Sub-Awards.
- c. Approval of Annual Work Plans, Quarterly Reports and the Final Program Report. Any significant changes to the approved Work Plan/reports shall require additional approval.

A.9 KEY PERSONNEL

The key personnel positions for performance of this Associate Cooperative Agreement are as follows:

Chief of Party (COP)
Deputy Chief of Party (DCOP) — Technical Leadership
Deputy Chief of Party (DCOP) — Operations
Grants Manager
Compliance Officer

The positions specified above are considered to be essential to the work being performed hereunder. The key personnel for these positions will be approved by separate administrative letter issued by the Agreement Officer 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 shall be made by the Recipient without the written consent of the Agreement Officer.

A.10 AUTHORIZED GEOGRAPHIC CODE

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

A.11 RESTRICTIONS ON FUNDING FOR LAW ENFORCEMENT

None of the funds made available through this cooperative agreement shall be used to provide training or advice, or provide any financial support, for police, prisons, or other law enforcement forces. The only exception to this restriction is activities that enhance professional capabilities to carry out investigative and forensic functions conducted under judicial or prosecutorial control. The Recipient shall consult with USAID before relying on this exception.

A.12 SPECIAL PROVISIONS

A.12.1 INTERNATIONAL TRAVEL AND TRANSPORTATION - AOR DELEGATION

In accordance with the above referenced Standard Provision of this award, the Recipient must obtain the prior budget approval from the Agreement Officer for all international travel under this award. The Agreement Officer does hereby provide said approval for those individuals required to travel outside the United States and/or the individual's home country, provided, however, that concurrence with international travel for all individuals is obtained by the Recipient, in writing, from the AOR prior to international travel. All AOR international travel concurrences must be within the terms of this award, is subject to the availability of funds, and shall not be construed as authorization to increase or exceed the total estimated amount of this award or to exceed the obligated amount.

The Recipient will develop international travel concurrence procedures for this award that will outline the process for international travel requests and subsequent AOR concurrence. The AOR will review and approve these procedures. The procedures must meet US government security requirements and request for traveling to and from Afghanistan by all Recipient Staff. No international travel approvals are implied by adopting the travel portion of the budget in this agreement. A copy of each concurrence issued pursuant to this provision

shall be retained by the Recipient for audit purposes.

A.12.2 USAID BRANDING AND MARKING

Branding Strategy

Submit a Branding Strategy that describes how the program or activity is named and positioned, how it is promoted and communicated to beneficiaries and cooperating country citizens, and identifies all donors and explains how they will be acknowledged. USAID will not competitively evaluate the proposed Branding Strategy. The Agreement Officer will review the proposed Branding Strategy for adequacy to ensure that it:

- contains the required information on naming and positioning the USAID-funded program or activity;
- promotes and communicates to cooperating country beneficiaries and citizens that the USAID-funded program or activity is “from the American People;”
- is consistent with the stated objectives of the Award; the Apparently Successful Applicant’s cost data submissions; the Apparently Successful Applicant’s activity or program performance plan; and the regulatory requirements set out in 22 CFR 226.91.

Marking Plan

Submit a Marking Plan that will detail the public communications, commodities, and project materials intended to visibly bear the USAID identity.

The Standard Provisions entitled “Branding Strategy - Assistance (December 2005),” “Marking Plan - Assistance (December 2005),” and “Marking under USAID-Funded Assistance Instruments (December 2005),” which provide detailed information about the Branding Strategy and the Marking Plan is included in this agreement.

The Recipient, within 60 days, is required to submit both Branding Strategy and Marking Plan documents in Microsoft Word format. The AOR and Agreement Officer will review both documents to ensure that they meet USAID requirements.

A.12.3 ENVIRONMENTAL COMPLIANCE

The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID’s activities on the environment be considered and that USAID include environmental sustainability as a central consideration in designing and carrying out its development programs. This mandate is codified in Federal Regulations (22 CFR 216) and in USAID’s Automated Directives System (ADS) Parts 201.5.I0g and 204, which, in part, require that the potential environmental impacts of USAID-financed activities are identified prior to a final decision to proceed and that appropriate environmental safeguards are adopted for all activities. The Recipient’s environmental compliance obligations under these regulations and procedures are specified in the following paragraphs of this cooperative agreement.

In addition the recipient must comply with host country environmental regulations unless otherwise directed in writing by USAID. In case of conflict between host country and USAID regulations, the latter shall govern.

No activity funded under this Associate Cooperative Agreement will be implemented unless an environmental threshold determination, as defined by 22 CFR 216, has been reached for that activity, as documented in a Request for Categorical Exclusion (RCE), Initial Environmental Examination (TEE), or Environmental Assessment (BA) duly signed by the Bureau Environmental Officer (BEO). (Hereinafter, such documents are described as “approved Regulation 216 environmental documentation.”)

As part of its initial Work Plan, and all Annual Work Plans thereafter, the recipient, in collaboration with the USAID Cognizant Technical Officer and Mission Environmental Officer or Bureau Environmental Officer, as

appropriate, shall review all ongoing and planned activities under this Associate Cooperative Agreement to determine if they are within the scope of the approved Regulation 216 environmental documentation.

If the recipient plans any new activities outside the scope of the approved Regulation 216 environmental documentation, it shall prepare and amendment to the documentation for USAID review and approval. No such new activities shall be undertaken prior to receiving written USAID approval of environmental documentation amendments.

Any ongoing activities found to be outside the scope of the approved Regulation 216 environmental documentation shall be halted until an amendment to the documentation is submitted and written approval is received from USAID.

Attached to this award is a copy of the Initial Environmental Examination (IEE) for the ABADE project.

A.12.4 GENDER CONSIDERATIONS

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 Recipient must integrate assistance to women into all stages of development, planning, programming and implementation as a part of this assistance program, even if such integration requires separate but equitable programming approaches. Such integration shall focus on Afghan-led programs directly aligned with any or all the three pillars of development outlined in the National Action Plan for the Women of Afghanistan (NAPWA): 1) Security; 2) Government, Rule of Law, and Human Rights, including leadership and political participation); and 3) Economic and Social Development The Recipient must establish the necessary accounting and management systems to separately track and report to USAID fiscal year expenditures under the Agreement supporting issues of gender equality and women and girls as direct beneficiaries during each fiscal year of the Agreement.

The Recipient must 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 Agreement: 1) the total number of women and girls supported through the Agreement 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) qualitative outcomes, in addition to quantifiable outputs, for women who have benefited from the Agreement. The Recipient must refer to USAID/Afghanistan's comprehensive Performance Management Plan (PMP) for list of gender indicators and may add customized indicators as needed. Indicators applicable to the Agreement shall be disaggregated by gender.

A.13 TITLE TO PROPERTY

Title to and care of property shall be vested with the recipient.

The recipient must ensure that the regulations in 22 CFR 226.30 — 226.37 on property standards are followed.

END OF ATTACHMENT A SCHEDULE

ATTACHMENT B - PROGRAM DESCRIPTION

ABADE's three components are the backbone of a ***clear logical approach to successfully addressing issues of enterprise development in Afghanistan***. These components are designed to support enterprise development and job creation by assisting SMEs to grow their businesses with: 1) additional capital; 2) adequate planning; 3) appropriate equipment and technologies; 4) better management skills and know-how; 5) strong, innovative for-profit and not-for-profit supporting institutions; and 6) a business environment that is more conducive to the specific needs of the enterprises ABADE will support. The ABADE team will work with other implementing partners and donor organizations to complement ongoing USG and other international donor efforts. Coordination with other programs is detailed below within each component.

Component 1: SME Alliances and Public-Private Innovation

SME Alliances (Component 1A): ABADE will make awards to existing, productive SMEs, consortia or joint ventures of existing SMEs through a competitive award process to mitigate business expansion risks, encourage private investment for business growth and job creation, and expand markets for alliances. The ABADE team has implemented a large alliances component in Afghanistan and will incorporate best practices learned from that experience to develop a pipeline of quality alliance applications. The ABADE team will use lessons learned in programming the SME Alliances activity to ensure a rapid and strong start-up of this foundation-setting program element. The biggest part of the proposed budget is dedicated to SME Alliances, and applications will be evaluated on the soundness of business principles, the experience and commitment of management, and the capacity of the proposed activity to generate employment and increase private sector investment.

Public-Private Innovation Alliances (Component 1B): ABADE will also establish public-private alliances to stimulate private-sector-led development and investment through Innovation-focused sub-awards. Both for-profit and non-profit entities, foreign and domestic, will be encouraged to submit applications for partnerships. Innovation Alliances will target investments that offer nontraditional business approaches to creating economic growth and stability. Applicants will be encouraged through the application criteria to focus on USAID's areas of interest, which include: economic stability, particularly in rural areas, in the form of job creation and income enhancement; economic growth, with a focus on jobs; workforce development, particularly of youth; promotion of the role of women; and the use of science and technology in enhancing Afghanistan's development. Sixteen percent of total sub-awards are dedicated to Innovation Alliances. Local BDS firms are eligible for both 1A and 1B sub-awards.

Funding for Innovation Alliances will be limited to \$500,000 per alliance, and ABADE will expect partners to match USAID funding on a 1:1 basis. If an application qualifies as particularly beneficial to the economy or job creation, but the prospective partners cannot do a 1:1 match, ABADE may, with the concurrence of USAID, fund a greater portion of the program costs up to 100%. The ABADE team will work to refine the criteria and selection process with USAID and seek to obtain approval for these within the first two months of program start-up.

Sub-awards:

ABADE will target a distribution of sub-awards that anticipates more than 300 SME Alliance sub-awards of less than \$250,000 to assist smaller business ventures (this should also increase the amount of sub-awards provided to woman-owned and small businesses). About 30 sub-awards of \$250,000 and above will target SME alliances, including mid-sized enterprises, consortia, and JVs. Approximately 40 sub-awards will be given to PPA Innovation Alliances. The following is a summary of the most important activities and the rationale for the approach.

Outreach and communications: Extensive outreach and communications efforts are required to ensure that the private sector is aware and well-informed of the objectives of the program, opportunities for obtaining assistance, the process of application, and criteria for selection. This will ensure a good volume of inquiries and applications. Among the first priorities of the ABADE startup team will be to identify high-potential alliance partners and finalize ABADE Alliance guidelines, procedures, and outreach messages with USAID so that the ABADE team can begin the outreach campaign bringing together private and public sector stakeholders as well as local BDS providers in key economic areas. ABADE won't be starting from scratch on this effort as a number of unfunded potential applicants are known from the ASMED project, and the team will be tapping into the existing knowledge of other USAID programs, business associations, and government agencies, as well as USAID's own outreach efforts. The focus of the outreach campaign will be SMEs, and those that are owned or managed by women or may provide a substantive number of jobs, especially for women, as well as international for-profit and non-profit entities that have a stake in promoting development in Afghanistan.

The ABADE project will distribute Requests for Applications (RFA) for each type of sub-award in conjunction with a wide reaching outreach campaign that targets good SME prospects for business growth. The outreach campaign will also reach out to potential international for-profit and NGO partners whose missions are relevant to supporting stability and economic development in Afghanistan. The SME Alliances and Innovation Alliances RFAs will state in an open and transparent manner the requirements for submitting a successful application, will explain the review and notification process, and will provide tools and templates to help applicants. Where possible, the criteria will be designed to favor applicants that address cross-cutting issues like women, youth, and pro-poor growth. Since the criteria included in ABADE RFAs are one of the first deliverables, IESC will get proposed criteria to the USAID team for review, revision, and approval within the first two weeks of project start-up.

The direct outreach efforts will be conducted in a road show format in which an initial presentation is delivered by ABADE staff, followed by question and answer sessions and scheduling for followup workshops for interested stakeholders. The ABADE team will use its extensive list of contacts from ASMED, including local BDS firms, government offices, AISA, other projects, and local chambers of commerce and associations like the Federation of Afghan Crafters and Traders (FACT) to help convene SMEs. The team will also work with international interest groups and through relevant portals and social media to reach partners.

SME Alliances: Technical and business guidance: Businesses in Afghanistan often lack the skills to put together business plans, financial projections, and marketing plans — all essential to putting forth a quality application. In order to effectively identify an applicant's requirements for assistance through a sub-award, TA or training, ABADE needs a clear understanding of the business operations, cash flow, market, and objectives of the potential awardee. The ABADE project will design and deliver a one-day workshop for interested businesses in economic centers throughout Afghanistan that will help them understand how to put together a competitive application and guide them through the templates and worksheets. Workshops should be scheduled three to four weeks after each road show presentation to allow participants to collect the required information. The common characteristics of applications that performed well under ASMED were those that demonstrated that the applicant or business manager possessed entrepreneurial skills, some experience in managing a business, had significant equity at stake, or was willing to make a significant contribution toward growing the enterprise. However, businesses often could not determine which specific improvements in capital equipment, processes, operating procedures, training, or management practices would result in the greatest revenue impact. For example, a company seeking to expand production might request funding for more machines of a certain type when one more efficient machine or a better component for a specific part of the production line would be more effective. By the same token, too much investment might be directed toward building facilities in the initial stages of a business plan, when cash flow is required to purchase materials. If a plan needs fine-tuning, it is important that the ABADE team perform analyses of machinery and equipment specifications,

business operations, management practices, staff skills, and training, and diligently advise promising applicants on the optimal use of their equity, plus any award funds. The applicant should then be encouraged to re-submit an improved application. Through workshops and application evaluation, the ABADE team will identify and select Afghan SMEs with good potential to expand operations, increase productivity and employment, and enhance incomes.

The methodology will be very similar to that already used by USAID in establishing PPAs and making awards to SMEs. IESC anticipates that business opportunities in construction, carpet, gemstones and marble will present opportunities for working with multiple SMEs in the same sector. The ABADE team has already identified promising opportunities in glass-making in Mazari-Sharif, wool yarn production in the carpet sector, and value-added saffron quality improvement, marketing and export in Herat. In further support of the 'Afghan First' strategy, we will give preference to applications that increase domestic production of a wide variety of materials and goods which are currently imported by improving, and in some cases creating, production processes, thereby generating more value added by Afghan firms.

The ABADE team will focus on sectors that have the best prospects for development, can employ large numbers of people, and build on previous work supported by USAID, thereby strengthening value chains in order to further improve business competitiveness. We anticipate that most of these sectors would align with those that USAID highlighted and are the focus of the Ministry of Commerce and Industry's (MOCI) SME strategy. This strategy was formulated with the assistance of ASMED and has remained MOCI's primary guide for support to private sector growth. Mining, particularly geological exploration, geo-science, and supporting industries, is also a sector that presents SME growth opportunities in its value chain. The ABADE team will pursue opportunities

to support private sector engagement in this sector; and eligible sub-award applicants should meet the following criteria:

1. Be existing enterprises that are SMEs according to the International Finance Corporation's (IFC) definition. Public-private alliances including SME consortia or joint ventures of Afghan SMEs with other investors will also be eligible;
2. Principal 5MB owners or managers should have prior successful entrepreneurship experience, preferably in the same type of business operation;
3. Have business plans based on sound principles demonstrating how the venture will generate adequate cash flow, access markets, and have good prospects for growth and job creation; and,
4. Have a substantial financial stake in the venture, contributing, on average, two thirds of the sub-award amount requested from ABADE in the form of capital and fixed assets. (1:2 or better ratio of ABADE award funds to alliance contributed capital).

While not a formal criteria for supporting SME Alliances, we will avoid providing sub-award funding that competes with private credit or may hamper the efforts of FAIDA, RUF COD, or SEAF to expand access to finance for SMEs. In our experience during the implementation of ASMED, bankable applications were rarely submitted. This is possibly due to the greater administrative and compliance requirements imposed on awardees, particularly a clause that all USG-financed equipment remained the property of USAID until a six-month, post-award completion verification proved satisfactory. The ABADE team will coordinate closely with the abovementioned program at start-up to ensure that a system is in place to refer bankable applications to lenders, ABADE's sub-awards will also, in many cases, mitigate risk for companies to make them more viable for other investment and bank financing. In this regard, ABADE will collaborate closely with FAIDA in efforts to help companies to develop viable business plans and may partially fund an activity through a sub-award if doing so will reduce risk to acceptable levels for other parties to participate with either loans or equity. IESC is

a loan-originator for OPIC and has already had discussions with them about providing assistance that would improve the likelihood of OPIC financing or would complement the investment by encouraging more employment of women or laying the groundwork for supporting industries along the value chain.

Innovation Alliances and cross-cutting issues: The VEGA/IESC team will use the sub-awards to explicitly seek out ways to support pro-poor growth and expansion of the role of women in the private sector. Smaller sub-awards are one way to accomplish these goals. The ABADE project propose that within SME Alliances a percentage of the sub-awards go to micro-enterprises (up to 10 employees and total assets or total annual revenues of up to \$100,000) that are able to grow into small enterprises with expansion supported by the sub-award; and to women-owned or operated businesses and businesses that have significant potential for employing women but that may not meet all of the criteria above, specifically, may not be already existing enterprises or may not be able to meet the 1:2 ratio. The Innovation Alliances component allows ABADE to support other non-traditional approaches like, for instance, PPAs for SMEs with a large percentage of female employees, women in professional positions and/or companies willing to make these changes and offer incentives to offset the costs of facilitating women's workforce participation and provide women with necessary training.

As Innovation Alliances accommodate non-traditional business approaches to creating economic growth and stability, this mechanism will be used to address a number of cross-cutting issues that may involve partners not directly engaged in SMEs but who support income generation for rural areas, workforce development, youth programs, promotion of the role of women, and the use of science and technology in development. This would allow ABADE to support the introduction of new workplace models that increase employment for women, including pilots for designated women's production units, setting up off-site services providers in professional areas such as accounting, IT, and engineering design, or the establishment of women's work areas at larger SMEs willing to employ women. Additionally, ABADE could support organizations serving women's needs, such as thy care centers, transportation providers, and business service centers that may not create significant numbers of jobs but will contribute to the overall employability of women. Innovation Alliances will also be crucial in establishing youth and workforce development programs as well as pilot initiatives that introduce science and technology to support development. The main obstacle to introducing these programs in the context of Afghanistan has been the difficulty in attracting private investments in demonstration initiatives that are needed to spark greater uptake of innovative development models, but are not profitable in-and-of themselves. All things being equal, Innovation Alliances fill this void by allowing alternative development models to be tested and their impacts disseminated to the greater business community. As with other sub-awards under ABADE, USAID will review such applications on a case-by-case basis as part of USAID's substantial involvement (Per 22 CFR 226) and may approve such applications based on merit.

The ABADE team intends to encourage the participation of the Afghan Diaspora by distributing opportunity profiles to forums with access to the Diaspora, encouraging them to provide assistance to either award recipients or other enterprises in the form of technical assistance or investment. These forums include AISA, the Afghan Business Council, the Afghan—American Chamber of Commerce, Canada-Afghanistan Business Council and others.

The ABADE team will engage with the Diaspora by recruiting Afghan-origin students for volunteer consultancies. ABADE will be working with hundreds of sub-award applicants, most of whom need help developing enterprise strategies and drafting viable business and financial plans. MBAs and graduate economics students of Afghan origin are well versed in these skills. Plus, most speak a local language and are familiar with the culture and risks. They can make a substantial contribution.

Cross-cutting targets: ABADE will target to award at least 20% of the SME Alliance sub-awards (Component 1A) and up to 50% of the Innovation PPAs (Component 1B) to applicants that directly address the needs of women, youth, pro-poor growth, or other cross-cutting issues.

Component Linkages: The Component 1 team will work in tandem with the Component 2 Technical Assistance team to conduct due diligence on applications and advise applicants appropriately. Similarly, where the success of a business investment or Innovation Alliance relies in part on a policy, action, or infrastructure that the local or central government is to provide, the Component 3 Enterprise Enabling Environment team will assess the risk to investment of that part of the plan and potentially recommend alternative ways to achieve the investment goals.

The vetting process and needs assessment: Given high levels of corruption, low levels of business training, and the difficulty of operating in Afghanistan, having robust processes to vet applicants and assess their business needs is particularly important. ABADE will use a committee of 5 to 7 members consisting of both expatriate and national ABADE staff in the initial review of applications, if approved by the committee, the ABADE team will conduct due diligence on prospective sub-awardees, in order to assure that they have sufficient capacity to implement the award activity, manage the award, and comply with USG requirements. If due diligence proves satisfactory, including a mandatory environmental impact assessment with clearance from USAID/Afghanistan's Office of Infrastructure, Engineering, and Energy (OWE), the proposed sub-award activity will be submitted for USAID approval. In order to avoid delays, enterprises potentially receiving larger awards that may require additional vetting or clearances will be submitted for those clearances after the concept note has been approved, if due diligence does *not* prove satisfactory, but, ABADE technical staff determine that deficiencies can be corrected, the requirements will be referred to the Component 2 and 3 teams. They can provide targeted technical assistance or training to address weaknesses. Thereafter, a second round of due diligence will be undertaken to confirm if the application should proceed.

ABADE will only enter into sub-award agreements with successful applications once pre-award audits are completed, USAID has approved the sub-award, and once the awardees have passed antiterrorism vetting requirements if the amount of the sub-award exceeds the minimum acquisition threshold. ABADE will monitor awards on an ongoing basis to ensure that progress is made and that awardees are in compliance with award conditions, and then will conduct post-award evaluations on activity results and achievements. In the course of award implementation, ABADE may conduct other activities including TA or training to improve prospects for a successful award portfolio. A one-page activity summary will be submitted to USAID for each completed award along with success stories and/or lessons learned from each sub-award.

Component 2: Technical Assistance and Business Advisory Services

Component 2 will provide technical assistance for sub-award recipients and program stakeholders to improve their operations and management and to solve technical issues as may be encountered in market access, production, access to finance, profitability, and achievement of quality standards. The specific technical assistance provided under this component will be needs-driven and originate primarily from needs identified in the review of sub-award applications. However, should ABADE see opportunities to substantially improve the successfulness of Component 1 through the provision of TA or training to groups of firms or associations that are not sub-awardees, limited assistance can be provided. Examples of enterprise-specific TA and training include technical assistance in improving production techniques and capacity, quality, or marketing as well as business advisory services in the areas of management, operations, and financial management. A list of known Component 2 activities is included in the work plan in Annex A. A few samples of likely Component 2 activities are included in the text box below.

ABADE may provide TA in support of access to finance in cases where similar TA would not be provided by FAIDA, or training in highly specific technical skills which cannot be supported by AWDP, other implementing partners or donors. Such TA may include improved business planning and accounting practices to help SMEs produce better financial statements, or business-to-business events linking enterprises to banks. While other programs are addressing strengthened bank policies and procedures for making loans to SMEs, ABADE can collaborate with such activities by providing information on SME lending risks and business analysis advice.

The ABADE team envisages that most of the TA and training in traditional business development services areas in Afghanistan, such as business planning, accounting, and financial management, will be delivered by business development services (BDS) firms subcontracted by ABADE through a competitive process. This could be as part of a Component 1 sub-award or independent of one. More specialized assistance will be provided by ABADE technical staff or STTA (see Annex K for an illustrative matrix of short-term experts). The ABADE Team will also field approximately eight volunteer consultants over the course of the project for sector-specific technical assistance or through Innovation Alliances. More information about the competitive award process for local subcontracts is provided in the Project Management section.

Component 3: Enterprise Enabling Environment

Component 3 will focus on improving the enterprise enabling environment by addressing specific regulatory and procedural barriers that affect the efficiency and cost competitiveness of PPA partners. We envisage that some of this work will include assessments and analytical studies driven by the sub-award applicants and their geographic concentrations, but there may be opportunities to support MOCI and other stakeholder ministries by drafting policy memoranda and regulatory guidelines for specific industries, like ASMED's draft of implementing guidelines for formalizing gemstone mining. ABADE's alignment with the six priority sectors identified in the Afghan NPP and with MoCI's SME strategy presents opportunities for ABADE to support public-private initiatives to increase productivity, employment, and revenue generation in these sectors. While, IESC recognizes that political will and the capacity of GIROA organizations to carry out national level reforms is limited, opportunities remain at the local and provincial levels to improve the business environment for specific industries and in specific technical areas.

The ABADE team will meet with sector-specific SME groups, GIROA counterparts including the MoCI and MoM, and with organizations such as the Afghan Chamber of Commerce and Industry, the Export Promotion Agency, AISA, and private sector associations to identify opportunities for bettering the business environment that have significant buy-in. MoCI is now in the process of adopting sector-specific action plans that closely correlate with the key sectors proposed in the ASMED-supported SME strategy. This presents an opportunity to engage with MoCI by offering support in the form of assessments and analytical studies, and assistance to specific sector working groups on reform and regulatory guidelines. ABADE's engagement in the process will include consultation with private sector stakeholders to ensure that constraints within their sectors are correctly understood and that practical, effective solutions can be offered. ABADE will seek to broker an audience for business leaders that can articulate their business issues clearly and are willing to work with GIROA in finding mutually acceptable solutions.

Component linkages: The Component 3 team will work closely with the Component 1 and 2 teams to identify sub-award recipients where a particular policy or regulatory barrier hinders the achievement of their goals. Where feasible, the team will engage with the relevant local, provincial and/or national government agency to try to work out a solution or work-around that will enable the enterprise to meet its goals as agreed in the PPA application. The Component 3 team will also work closely with the Component 1 team to assess potential regulatory and policy stumbling blocks that lie in the path of a successful investment and identify potential ways to mitigate those risks *before* an award is made.

Illustrative activities: A list of known Component 3 activities is included in the first year work plan, which was included in the VEGA/IESC Technical Application. A few samples of likely Component 3 activities are included in the text box.

Coordination: As mentioned, ABADE will complement existing OEGI programs that currently focus on business enabling environments, workforce development, and access to finance. The ABADE team will collaborate with the Doing Business Indicators program to identify specific regulatory barriers which may be realistically resolved in the short to medium term, and will offer assistance to GIROA to change identified policies to meet

incentive benchmarks conditionally connected with releases of funds from multilateral trust fund mechanisms such as the Afghanistan Reconstruction Trust Fund (ARTF). The ABADE team will continue to foster the close collaborative relationships that USAID and its projects have had with the UK Department for International Development (DFID), which embeds policy advisors in MoCI, administers the Afghanistan Business Innovation Fund (ABIF), and promotes industrial park and capacity development, as well as with GIZ which supports initiatives to promote exports and supplies specific technical expertise. Key ABADE team members have previously partnered with both DFID and GIZ in several Alliance, TA and training initiatives in Afghanistan, including a large investment in cashmere processing; organizing international trade show participation; and providing gemstone and other industry training. ABADE will complement ISAF and other donor programs to strengthen SMEs and improve the enabling environment; and it will work with the large mining and natural resource investments (such as the recent oil exploration and production tender in the Afghan-Tajik Basin) being tendered out with the support of the Department of Defense's Task Force on Business and Stability Operations to identify ways for Afghan SME to participate in the value chain as suppliers or service providers.

Specific objectives to be achieved **during the period of performance of the ABADE Project:**

- 1) Create a minimum of 46,000 full-time equivalent jobs in Afghanistan;
- 2) Mobilize \$180 million or more in private sector investments and create over 400 Private- Public Alliances;
- 3) A 10% reduction in the number of days to obtain a business license;
- 4) A 20% reduction in the number of days to obtain construction permits;
- 5) A 20% average increase in sales by supported Public-Private Alliances; and
- 6) The implementation of 40 alternative workplace models for women.

END OF ATTACHMENT B – PROGRAM DESCRIPTION

ATTACHMENT C – STANDARD PROVISIONS/OTHER PROVISIONS

The Standard Provisions for U.S., Non-governmental NGOs contained in Leader Award, EEM-A-00-04-00002-00, as amended, are applicable to this Associate Cooperative Agreement.

APPLICABILITY OF 22 CFR PART 226 (MAY 2005)

- a. All provisions of 22 CFR 226 and all Standard Provisions attached to this agreement are applicable to the recipient and to sub-recipients which meet the definition of “Recipient” in part 226, unless a section specifically excludes a sub-recipient from coverage. The recipient must assure that sub-recipients have copies of all the attached standard provisions.
- b. For any sub-awards made with Non-U.S. sub-recipients the recipient must include the applicable “Standard Provisions for Non-US Non-governmental Organizations.” Recipients are required to ensure compliance with monitoring procedures in accordance with OMB Circular A-133.

NON-DISCRIMINATION (JUNE 2012)

No U.S. citizen or legal resident shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination on the basis of race, color, national origin, age, disability, or sex under any program or activity funded by this award when work under the grant is performed in the U.S. or when employees are recruited from the U.S.

Additionally, USAID is committed to achieving and maintaining a diverse and representative workforce and a workplace free of discrimination. Based on law, Executive Order, and Agency policy, USAID prohibits discrimination, including harassment, in its own workplace on the basis of race, color, religion, sex (including pregnancy and gender identity), national origin, disability, age, veteran’s status, sexual orientation, genetic information, marital status, parental status, political affiliation, and any other conduct that does not adversely affect the performance of the employee.

In addition, the Agency strongly encourages its recipients and their sub-recipients and vendors (at all tiers), performing both in the U.S. and overseas, to develop and enforce comprehensive nondiscrimination policies for their workplaces that include protection for all their employees on these expanded bases, subject to applicable law.

AMENDMENT OF AWARD (JUNE 2012)

This award may only be amended in writing, by formal amendment or letter, signed by the Agreement Officer (AO), and in the case of a bilateral amendment, by the AO and an authorized official of the recipient.

NOTICES (JUNE 2012)

Any notice given by USAID or the recipient is sufficient, only if in writing, and delivered in person, mailed or c-mailed as follows:

- (1) To the USAID Agreement Officer, at the address specified in this award; or
- (2) To the recipient, at the recipient’s address shown in this award, or to such other address specified in this award.

SUBAGREEMENTS (JUNE 2012)

- a. Sub-awardees and contractors have no relationship with USAID under the terms of this award. All required USAID approvals must be directed through the recipient to USAID.
- b. Notwithstanding any other term of this award, sub-awardees and contractors have no right to submit claims directly to USAID and USAID assumes no liability for any third party claims against the recipient.

OMB APPROVAL UNDER THE PAPERWORK REDUCTION ACT (DECEMBER 2003)

Information collection requirements imposed by this award are covered by OMB approval number 0412-0510; the current expiration date is 04/30/2005. The Standard Provisions containing the requirement and an estimate of the public reporting burden (including time for reviewing instructions, searching existing data

sources, gathering and maintaining the data needed, and completing and reviewing the collection of information) are:

Standard Provision Burden Estimate
Air Travel and Transportation 1 (hour)
Ocean Shipment of Goods .5
Patent Rights .5
Publications .5
Negotiated Indirect Cost Rates -
(Predetermined and Provisional) 1
Voluntary Population Planning .5
Protection of the Individual as a 1
Research Subject
22 CFR 226 Burden Estimate
22 CFR 226.40-.49, Procurement
of Goods and Services 1
22 CFR 226.30 -.36,
Property Standards 1.5

Comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, may be sent to the Office of Acquisition and Assistance, Policy Division (M/OAA/P), U.S. Agency for International Development, Washington, DC 20523-7801 and to the Office of Management and Budget, Paperwork Reduction Project (0412- 0510), Washington, DC 20503.

USAID ELIGIBILITY RULES FOR GOODS AND SERVICES (JUNE 2012)

a. This provision is not applicable to commodities or services that the recipient provides with private funds as part of a cost-sharing requirement, or with Program Income generated under this award.

b. Ineligible and Restricted Commodities and *Services*:

(1) Ineligible Commodities and Services. The recipient must not, under any circumstances, procure any of the following under this award:

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

(2) Ineligible Suppliers. Any firms or individuals that do not comply with the requirements in Standard Provision, “Debarment, Suspension and Other Responsibility Matters” and Standard Provision, “Preventing Terrorist Financing” must not be used to provide any commodities or services funded under this award.

(3) Restricted Commodities. The recipient must obtain prior written approval of the Agreement Officer (AO) or comply with required procedures under an applicable waiver, as provided by the AO when procuring any of the following commodities:

- (i) Agricultural commodities,
- (ii) Motor vehicles,
- (iii) Pharmaceuticals,
- (iv) Pesticides,

- (v) Used equipment,
- (vi) U.S. Government-owned excess property, or
- (vii) Fertilizer.

c. Source and Nationality: Except as may be specifically approved in advance by the AO, all commodities and services that will be reimbursed by USAID under this award must be from the authorized geographic code specified in this award and must meet the source and nationality requirements set forth in 22 CFR 228. If the geographic code is not specified, the authorized geographic code is 937. When the total value of procurement for commodities and services during the life of this award is valued at \$250,000 or less, the authorized geographic code for procurement of all goods and services to be reimbursed under this award is code 935. For a current list of countries within each geographic code, see: <http://inside.usaid.gov/ADS/30013IO.pdf>.

d. Guidance on the eligibility of specific commodities and services may be obtained from the AO. If USAID determines that the recipient has procured any commodities or services under this award contrary to the requirements of this provision, and has received payment for such purposes, the AO may require the recipient to refund the entire amount of the purchase.

e. This provision must be included in all sub-agreements, including sub-awards and contracts, which include procurement of commodities or services.

DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (JUNE 2012)

a. The recipient agrees to notify the Agreement Officer (AO) immediately upon learning that it or any of its principals:

(1) Are presently excluded or disqualified from covered transactions by any Federal department or agency;

(2) Have been convicted within the preceding three-year period preceding this proposal; been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice; commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects your present responsibility;

(3) Are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph a.(2); and

(4) Have had one or more public transactions (Federal, State, or local) terminated for cause or default within the preceding three years.

b. The recipient agrees that, unless authorized by the AO, it will not knowingly enter into any sub-agreements or contracts under this award with a person or entity that is included on the Excluded Parties List System (www.epls.gov). The recipient further agrees to include the following provision in any sub-agreements or contracts entered into under this award:

DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION (JUNE 2012)

The recipient/contractor certifies that neither it nor its principals is presently excluded or disqualified from

participation in this transaction by any Federal department or agency.

*c. The policies and procedures applicable to debarment, suspension, and ineligibility under USAID-financed transactions are set forth in Subpart C of 2 CFR Section 180, as supplemented by 2 CFR 780.

DRUG-FREE WORKPLACE (JUNE 2012)

a. The recipient must comply with drug-free workplace requirements in subpart B (or subpart C, if the recipient is an individual) of 2 CFR 782, which adopts the Government-wide implementation (2 CFR part 182) of sec. 5152—5158 of the Drug-Free Workplace Act of 1988 (Pub. L. 100—690, Title V. Subtitle D; 41 U.S.C. 701—707).

EQUAL PARTICIPATION BY FAITH-BASED ORGANIZATIONS (JUNE 2012)

a. Faith-Based Organizations Encouraged.

Faith-based organizations are eligible to compete on an equal basis as any other organization to participate in USAID programs. Neither USAID nor entities that make and administer sub-awards of USAID funds will discriminate for or against an organization on the basis of the organization’s religious character or affiliation. A faith-based organization may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, within the limits contained in this provision. More information can be found at the USAID Faith-Based and Community Initiatives Web site:

http://transition.usaid.gov/our_work/global_partnerships/fbcj/ and 22 CFR 205.1.

b. Inherently Religious Activities Prohibited.

(1) Inherently religious activities include, among other things, worship, religious instruction, prayer, or proselytization.

(2) The recipient must not engage in inherently religious activities as part of the programs or services directly funded with financial assistance from USAID. If the recipient engages in inherently religious activities, it must offer those services at a different time or location from any programs or services directly funded by this award, and participation by beneficiaries in any such inherently religious activities must be voluntary.

(3) These restrictions apply equally to religious and secular organizations. All organizations that participate in USAID programs, including religious ones, must carry out eligible activities in accordance with all program requirements and other applicable requirements governing USAID-funded activities.

(4) These restrictions do not apply to USAID-funded programs where chaplains work with inmates in prisons, detention facilities, or community correction centers, or where USAID funds are provided to religious or other organizations for programs in prisons, detention facilities, or community correction centers, in which such organizations assist chaplains in carrying out their duties.

(5) Notwithstanding the restrictions of b.(1) and (2), a religious organization that participates in USAID-funded programs or services

I. Retains its independence and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct financial assistance from USAID to support any inherently religious activities,

II. May use space in its facilities, without removing religious art, icons, scriptures, or other religious symbols, and

III. Retains its authority over its internal governance, and it may retain religious terms in its organization’s name, select its board members on a religious basis, and include religious references in its organization’s mission statements and other governing documents.

c. Construction of Structures Used for Inherently Religious Activities Prohibited. The recipient must not use USAID funds for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities, such as: sanctuaries, chapels, or other rooms that the recipient uses as its principal place of worship. Except for a structure used as its principal place of worship, where a structure is used for both eligible and inherently religious activities, USAID funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities.

d. Discrimination Based on Religion Prohibited. The recipient must not discriminate against any beneficiary or potential beneficiary on the basis of religion or religious belief as part of the programs or services directly funded with financial assistance from USAID.

e. A religious organization's exemption from the Federal prohibition on employment discrimination on the basis of religion, set forth in Sec. 702(a) of the Civil Rights Act of 1964, 42 U.S.C. 2000e—1 is not forfeited when the organization receives financial assistance from USAID.

f. The Secretary of State may waive the requirements of this section in whole or in part, on a case-by-case basis, where the Secretary determines that such waiver is necessary to further the national security or foreign policy interests of the United States.

PREVENTING TERRORIST FINANCING –IMPLEMENTATION OF E.O. 13224 (JUNE 2012)

a. The recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. The recipient must not engage in transactions with, or provide resources or support to, individuals and organizations associated with terrorism. In addition, the recipient must verify that no support or resources are provided to individuals or entities that appear on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Treasury (online at: <http://www.treasury.gov/resource-center/sanctions/SDNList/Pages/default.aspx>) or the United Nations Security designation list (online at: http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml).

b. This provision must be included in all sub-agreements, including contracts and sub-awards, issued under this award.

TRAVEL AND INTERNATIONAL AIR TRANSPORTATION (JUNE 2012)

a. PRIOR BUDGET APPROVAL

Direct charges for travel costs for international air travel by individuals are allowable only when each international trip has received prior budget approval. Such approval is met when all of the following are met:

(1) The trip is identified by providing the following information: the number of trips, the number of individuals per trip, and the origin and destination countries or regions;

(2) All of the information noted at a.(1) above is incorporated in the Schedule of this award or amendments to this award; and

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

The Agreement Officer (AO) may approve, in writing, international travel costs that have not been incorporated in this award. To obtain AO approval, the recipient must request approval at least three weeks before the international travel, or as far in advance as possible. The recipient must keep a copy of the AO's approval in its files. No other clearance (including country clearance) is required for employees of the

recipient, its sub-recipients or contractors. International travel by employees who are not on official business of the recipient, such as rest and recuperation (R&R) travel offered as part of an employee's benefits package, must be consistent with the recipient's personnel and travel policies and procedures and does not require approval.

b. TRAVEL COSTS

All travel costs must comply with the applicable cost principles and must be consistent with those normally allowed in like circumstances in the recipient's non-USAID-funded activities. Costs incurred by employees and officers for travel, including air fare, costs of lodging, other subsistence, and incidental expenses, may be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the non-profit organization in its regular operations as the result of the non-profit organization's written travel policy.

In the absence of a reasonable written policy regarding international travel costs, the standard for determining the reasonableness of reimbursement for international travel costs will be the Standardized Regulations (Government Civilians, Foreign Areas), published by the U.S. Department of State, as from time to time amended. The most current Standardized Regulations on international travel costs may be obtained from the AO. In the event that the cost for air fare exceeds the customary standard commercial airfare (coach or equivalent) or the lowest commercial discount airfare, the recipient must document one of the allowable exceptions from the applicable cost principles.

c. FLY AMERICA ACT RESTRICTIONS

(1) The recipient must use U.S. Flag Air Carriers for all international air transportation (including personal effects) funded by this award pursuant to the fly America Act and its implementing regulations to the extent service by such carriers is available.

(2) In the event that the recipient selects a carrier other than a U.S. Flag Air Carrier for international air transportation, in order for the costs of such international air transportation to be allowable, the recipient must document such transportation in accordance with this provision and maintain such documentation pursuant to the Standard Provision, "Accounting, Audit and Records." The documentation must use one of the following reasons or other exception under the Fly America Act:

(i) The recipient uses a European Union (EU) flag air carrier, which is an airline operating from an EU country that has signed the US-EU "Open Skies" agreement (<http://www.state.gov/lebl/slothr/ataliic/70684.htm>).

(ii) Travel to or from one of the following countries on an airline of that country when no city pair fare is in effect for that leg (see <http://apps.fas.gsa.gov/citypairs/search/>):

- a. Australia on an Australian airline,
- b. Switzerland on a Swiss airline, or
- c. Japan on a Japanese airline;

(iii) Only for a particular leg of a route on which no US Flag Air Carrier provides service on that route;

(iv) For a trip of 3 hours or less, the use of a US Flag Air Carrier at least doubles the travel time;

(v) If the US Flag Air Carrier offers direct service, use of the US Flag Air Carrier would increase the travel time by more than 24 hours; or

(vi) If the US Flag Air Carrier does not offer direct service,

- a. Use of the US Flag Air Carrier increases the number of aircraft changes by 2 or more,
- b. Use of the US Flag Air Carrier extends travel time by 6 hours or more, or

c. Use of the US flag Air Carrier requires a layover at an overseas interchange of 4 hours or more.

d. DEFINITIONS

The terms used in this provision have the following meanings:

(1) "Travel costs" means expenses for transportation, lodging, subsistence (meals and incidentals), and related expenses incurred by employees who are on travel status on official business of the recipient for any travel outside the country in which the organization is located. "Travel costs" do not include expenses incurred by employees who are not on official business of the recipient, such as rest and recuperation (R&R) travel offered as part of an employee's benefits package that are consistent with the recipient's personnel and travel policies and procedures.

(2) "International air transportation" means international air travel by individuals (and their personal effects) or transportation of cargo by air between a place in the United States and a place outside thereof, or between two places both of which are outside the United States.

(3) "U.S. Flag Air Carrier" means an air carrier on the list issued by the U.S. Department of Transportation at <http://ostpxweb.dot.gov/aviationilcertific/certlist.htm>. U.S. flag Air Carrier service also includes service provided under a code share agreement with another air carrier when the ticket, or documentation for an electronic ticket, identifies the U.S. flag air carrier's designator code and flight number.

(4) For this provision, the term "United States" includes the fifty states, Commonwealth of Puerto Rico, possessions of the United States, and the District of Columbia

a. SUBAGREEMENTS

This provision must be included in all sub-agreements, including all sub-awards and contracts, under which this award will finance international air transportation.

OCEAN SHIPMENT OF GOODS (JUNE 2012)

a. Prior to contracting for ocean transportation to ship goods purchased or financed with USAID funds under this award, the recipient must contact the office below to determine the flag and class of vessel to be used for shipment:

U.S. Agency for International Development,
Office of Acquisition and Assistance, Transportation Division
1300 Pennsylvania Avenue, NW
Washington, DC 20523-7900
Email: oceantransportation@usaid.gov

b. This provision must be included in all sub-agreements, including sub-wards and contracts.

VOLUNTARY POPULATION PLANNING ACTIVITIES - MANDATORY REQUIREMENTS (MAY 2006)

Requirements for Voluntary Sterilization Programs

(1) Funds made available under this award must not 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.

Prohibition on Abortion Related Activities:

(1) No funds made available under this award 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, must 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 award 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.

TRAFFICKING IN PERSONS (JUNE 2012)

a. USAID is authorized to terminate this award, without penalty, if the recipient or its employees, or any sub-recipient or its employees, engage in any of the following conduct:

(1) Trafficking in persons (as defined in the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, especially Women and Children, supplementing the UN Convention against Transnational Organized Crime) during the period of this award;

(2) Procurement of a commercial sex act during the period of this award; or

(3) Use of forced labor in the performance of this award.

b. For purposes of this provision, “employee” means an individual who is engaged in the performance of this award as a direct employee, consultant, or volunteer of the recipient or any sub-recipient.

c. The recipient must include in all sub-agreements, including sub-awards and contracts, a provision prohibiting the conduct described in a.(1)-(3) by the sub-recipient, contractor or any of their employees.

SUBMISSIONS TO THE DEVELOPMENT EXPERIENCE CLEARINGHOUSE AND PUBLICATIONS (JUNE 2012)

a. Submissions to the Development Experience Clearinghouse (DEC).

1) The recipient must provide the Agreement Officer’s Representative one copy of any Intellectual Work that is published, and a list of any Intellectual Work that is not published.

2) In addition, the recipient must submit Intellectual Work, whether published or not, to the DEC, either on-line (preferred) or by mail. The recipient must review the DEC Web site for submission instructions, including document formatting and the types of documents to submit. Submission instructions can be found at: <http://dec.usaid.gov>.

3) For purposes of submissions to the USC, Intellectual Work includes all works that document the implementation, evaluation, and results of international development assistance activities developed or acquired under this award, which may include program and communications materials, evaluations and assessments, information products, research and technical reports, progress and performance reports required under this award (excluding administrative financial information), and other reports, articles and papers prepared by the recipient under the award, whether published or not. The term does not include the recipient’s information that is incidental to award administration, such as financial, administrative, cost or pricing, or management information.

4) Each document submitted should contain essential bibliographic information, such as 1) descriptive title; 2) author(s) name; 3) award number; 4) sponsoring USAID office; 5) development objective; and 6) date of publication.

5) The recipient must not submit to the DEC any financially sensitive information or personally identifiable information, such as social security numbers, home addresses and dates of birth. Such information must be removed prior to submission. The recipient must not submit classified documents to the DEC.

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

REPORTING HOST GOVERNMENT TAXES (JUNE 2012)

a. By April 16 of each year, the recipient must submit a report containing: (1) Contractor/recipient name. (2) Contact name with phone, fax and e-mail. (3) Agreement number(s), (4) The total amount of value-added taxes and customs duties (but not sales taxes) assessed by the host government (or any entity thereof) on purchases in excess of \$500 per transaction of supplies, materials, goods or equipment, during the 12 months ending on the preceding September 30, using funds provided under this contract/agreement.

(5) Any reimbursements received by April 1 of the current year on value-added taxes and customs duties reported in (iv).

(6) Reports are required even if the recipient did not pay any taxes or receive any reimbursements during the reporting period.

(7) Cumulative reports may be provided if the recipient is implementing more than one program in a foreign country.

b. Submit the reports to: [insert address and point of contact at the Embassy, Mission, or CFO/CMP as appropriate, may include an optional "with a copy to".

c. Host government taxes are not allowable where the Agreement Officer provides the necessary means to the recipient to obtain an exemption or refund of such taxes, and the recipient falls to take reasonable steps to obtain such exemption or refund. Otherwise, taxes are allowable in accordance with the Standard Provision, "Allowable Costs," and must be reported as required in this provision.

d. The recipient must include this reporting requirement in all applicable sub-agreements, including sub-awards and contracts.

MARKING AND PUBLIC COMMUNICATIONS UNDER USAID-FUNDED ASSISTANCE (JUNE 2012)

a. The USAID Identity is the official marking for USAID, comprised of the USAID logo and brandmark with the tagline "from the American people." The USAID Identity is on the USAID Web site at transition.usaid.gov/branding. Recipients must use the USAID Identity, of a size and prominence equivalent to or greater than any other identity or logo displayed, to mark the following:

(1) Programs, projects, activities, public communications, and commodities partially or fully funded by USAID;

(2) Program, project, or activity sites funded by USAID, including visible infrastructure projects or other physical sites;

(3) Technical assistance, studies, reports, papers, publications, audio-visual productions, public service announcements, Web sites/Internet activities, promotional, informational, media, or • communications products funded by USAID;

(4) Commodities, equipment, supplies, and other materials funded by USAID, including commodities or equipment provided under humanitarian assistance or disaster relief programs; and

(5) Events financed by USAID, such as training courses, conferences, seminars, exhibitions, fairs, workshops, press conferences and other public activities, if the USAID Identity cannot be displayed, the recipient is encouraged to otherwise acknowledge USAID and the support of the American people.

b. When this award contains an approved Marking Plan, the recipient must implement the requirements of this provision following the approved Marking Plan.

c. if a “Marking Plan” is not included in this award, the recipient must propose and submit a plan for approval within the time specified by the Agreement Officer (AO).

d. The AO may require a preproduction review of program materials and “public communications” (documents and messages intended for external distribution, including but not limited to correspondence; publications; studies; reports; audio visual productions; applications; forms; press; and promotional materials) used in connection with USAID-funded programs, projects or activities, for compliance with an approved Marking Plan.

e. The recipient is encouraged to give public notice of the receipt of this award and announce progress and accomplishments. The recipient must provide copies of notices or announcements to the Agreement Officer’s Representative (AOR) and to USAID’s Office of Legislative and Public Affairs in advance of release, as practicable. Press releases or other public notices must include a statement substantially as follows:

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

f. Any “public communication” in which the content has not been approved by USAID must contain the following disclaimer:

“This study/report/audio/visual/other information/media product (specify) is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID or the United States Government”

g. The recipient must provide the USAID AOR, with two copies of all program and communications materials produced under this award.

h. The recipient may request an exception from USAID marking requirements when USAID marking requirements would:

(1) Compromise the intrinsic independence or neutrality of a program or materials where independence or neutrality is an inherent aspect of the program and materials;

(2) Diminish the credibility of audits, reports, analyses, studies, or policy recommendations whose data or findings must be seen as independent;

(3) Undercut host-country government “ownership” of constitutions, laws, regulations, policies, studies, assessments, reports, publications, surveys or audits, public service announcements, or other communications;

(4) Impair the functionality of an item;

(5) Incur substantial costs or be impractical;

(6) Offend local cultural or social norms, or be considered inappropriate; or

(7) Conflict with international law.

i. The recipient may submit a waiver request of the marking requirements of this provision or the Marking Plan, through the AOR, when USAID -required marking would pose compelling political, safety, or security concerns, or have an adverse impact in the cooperating country.

(1) Approved waivers “flow down” to sub-agreements, including sub-awards and contracts, unless specified otherwise. The waiver may also include the removal of USAID markings already affixed, if circumstances warrant.

(2) USAID determinations regarding waiver requests are subject to appeal by the recipient, by submitting a written request to reconsider the determination to the Cognizant Assistant Administrator.

j. The recipient must include the following marking provision in any sub-agreements entered into under this award:

“AS a condition of receipt of this sub-award, marking with the Identity of a size and prominence equivalent to or greater than the recipient’s, sub-recipient’s, other donor’s, or third party’s is required. In the event the recipient chooses not to require marking with its own identity or logo by the sub-recipient, USAID may, at its discretion, require marking by the sub-recipient with the USAID Identity.”

CENTRAL CONTRACTOR REGISTRATION AND UNIVERSAL IDENTIFIER (OCTOBER 2010)

a. Requirement for Central Contractor Registration (CCR). Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

b. Requirement for Data Universal Numbering System (PUNS) numbers. If you are authorized to make sub-awards under this award, you:

(1) Must notify potential sub-recipients that no entity (see definition in paragraph C of this award term) may receive a sub-award from you unless the entity has provided its DUNS number to you.

(2) May not make a sub-award to an entity unless the entity has provided its DUNS number to you.

c. Definitions. For purposes of this award term:

(1) Central Contractor Registration (CCR) means the Federal repository into which an entity must provide

information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the CCR internet site (currently at <http://www.ccr.gov>).

(2) Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).

(3) Entity, as it is used in this award term, means all of the following, as defined at 2 CFR part, 25, subpart C:

- (i) A Governmental organization, which is a State, local government, or Indian tribe;
- (ii) A foreign public entity;
- (iii) A domestic or foreign nonprofit organization;
- (iv) A domestic or foreign for-profit organization; and
- (v) A Federal agency, but only as a sub-recipient under an award or sub-award to a non-Federal entity.

(4) Sub-award:

(i) This term means a legal instrument to provide support for the performance of any portion of the substantive project or program, for which you received this award and that you as the recipient award to an eligible sub-recipient.

(ii) The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").

(iii) A sub-award may be provided through any legal agreement, including an agreement that you consider a contract.

(5) Sub-recipient means an entity that:

- (1) Receives a sub-award from you under this award; and
- (ii) Is accountable to you for the use of the Federal funds provided by the sub-award.

ADDENDUM #1 (FEBRUARY 2012)

Effective February 13, 2012, and pursuant to a USAID impracticality determination under 2 CFR 25.110(d)(2)(ii), this provision does not apply to grants and cooperative agreements with a total value of less than \$25,000 awarded to foreign entities performing work outside the United States. In addition, subparagraph b. of this provision, requiring DUNS numbers for subawards, does not apply to sub-awards of less than \$25,000 made to foreign sub-recipients performing work outside the United States.

REPORTING SUBAWARDS AND EXECUTIVE COMPENSATION (OCTOBER 2010)

a. Reporting of first-tier subawards.

(1) Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L 111-5) for a subaward to an entity (see definitions in paragraph e of this award term).

(2) Where and when to report.

(i) You must report each obligating action described in paragraph a.1., of this award term to www.fsrs.gov

(ii) For sub-award information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

(3) What to report. You must report the information about each obligating action that the submission instructions posted at www.fsrs.gov specify.

b. Reporting Total Compensation of Recipient Executives.

(1) Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if —

(i) the total Federal funding authorized to date under this award is \$25,000 or more; (ii) in the preceding fiscal year, you received—

(A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub-awards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub-awards); and

(iii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at

<http://www.sec.gov/answers/excomp.htm>.)

(2) Where and when to report. You must report executive total compensation described in paragraph b.(1) of this award term:

(i) As part of your registration profile at www.ccr.gov.

(ii) By the end of the month following the month in which this award is made, and annually thereafter.

c. Reporting of Total Compensation of Subrecipient Executives.

(1) Applicability and what to report. Unless, you are exempt as provided in paragraph d. of this award term, for each first-tier sub-recipient under this award, you shall report the names and total compensation of each of the sub-recipient's five most highly compensated executives for the sub-recipient's preceding completed fiscal year, if—

(i) in the sub-recipient's preceding fiscal year, the sub-recipient received—

(A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2

CFR 170.320 (and sub-awards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts, (and subcontracts) and Federal financial assistance, subject to the transparency Act (and sub-awards); and ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or **15(d)** of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)

(2) Where and when to report. You must report sub-recipient executive total compensation described in paragraph c.(l) of this award term:

(1) To the recipient.

(ii) By the end of the month following the month during which you make the sub-award. For example, if a sub-award is obligated on any date during the month of October of a given year

(i.e., between October 1 and 31), you must report any required compensation information of the sub-recipient by November 30 of that year.

d. Exemptions

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

(1) Sub-awards, and

(2) The total compensation of the five most highly compensated executives of any sub-recipient.

e. Definitions. For purposes of this award term:

(1) Entity means all of the following, as defined in 2 CFR part, 25:

(i) A Governmental organization, which is a State, local government, or Indian tribe;

(ii) A foreign public entity;

(iii) A domestic or foreign nonprofit organization;

(iv) A domestic or foreign for-profit organization;

(v) A Federal agency, but only as a sub-recipient under an award or sub-award to a non-Federal entity.

(2) Executive means officers, managing partners, or any other employees in management positions.

(3) Sub-award:

(i) This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible sub-recipient.

(ii) The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A- 133, "Audits of States,

Local Governments, and Non- Profit Organizations”).

(iii) A sub-award may be provided through any legal agreement, including an agreement that you or a sub-recipient considers a contract

(4) Sub-recipient means an entity that:

(i) Receives a sub-award from you (the recipient) under this award; and

(ii) Is accountable to you for the use of the Federal funds provided by the sub-award.

(5) Total compensation means the cash and noncash dollar value earned by the executive during the recipient’s or sub-recipient’s preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

(i) Salary and bonus.

(ii) Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

(iii) Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

(iv) Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

(v) Above-market earnings on deferred compensation which is not tax qualified.

(vi) Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

REPORTING

The awardee is required to report on indications of fraud in host-country institutions or other matters that could reasonably be expected to be of foreign policy interest to the U. S. Government’s development and stabilization efforts. Corruption, real or perceived, may critically impact USAID programming objectives as might other knowledge the awardee acquires in its normal course of business. This provision must not be construed to require the awardee to conduct investigation for such information outside of its normal business practices or to report on mailers not directly or indirectly related to USAID programming or the proper use of US. Government funds. In the event awardee has special non-disclosure requirements or confidentiality requirements (such as are prevalent in the legal and banking industries), or awardee determines such reporting would conflict with applicable laws, awardee must include a proposal to obtain any necessary waivers from the applicable host country institution allowing such reporting to the maximum extent possible. Reports under this requirement must be submitted as a deliverable under the award.

SUB-AWARD REQUIREMENTS (MARCH 2012)

(a) Applicability: This section limits the number of tiers of sub-awards to two tiers below the awardee for all

Contracts and Cooperative Agreements. The awardee must not allow lower-tier sub-awards without the express written approval of the Contracting/Agreement Officer.

(b) Definitions: The term “award” in this clause refers to either the direct contract between USAID and the prime contractor or a direct Cooperative Agreement between USAID and the recipient.

A “first-tier sub-award” is a direct award between the awardee and a sub-awardee (the “first-tier sub-awardee”). A “second-tier sub-award” is a direct award between the first-tier sub-awardee and its sub-awardee (the “second-tier sub-awardee”).

(c) USAID’s objective is to promote, to the extent practicable, competitive, transparent and appropriate local sub-awards with legitimate and competent sub-awardees. Awardee will ensure that all sub-awardees at any tier are actively engaged in the performance of sub-awarded work. Awardee will ensure that sub-awardees do not engage in “brokering” or “**flipping**” their subawards under this award and that all sub-awardees at any tier self perform appropriate portions of the work. “Brokering” or “flipping” is the practice of a sub-awardee receiving a sub-award and either selling such sub-award or not performing a significant percentage of the work with the sub-awardee’s own organization.

(d) Should exceptional circumstances warrant sub-awards below two tiers, the Awardee will promptly request approval in writing from the Contracting/Agreement Officer, which for contracts may be done in conjunction with a request under FAR 44, provided that the additional information set forth in paragraph (e) below is also provided.

(e) Awardee’s written request for approval to allow sub-awardees below the second tier will include the following information:

(i) Sub-award number and title (or a general description of the sub-award work) of the existing sub-award;

(ii) Detailed explanation regarding why the work to be performed by the lower-tier sub-awardee cannot be performed by the prime or the two levels of sub-awardees.

(iii) The total value of the work and total value of the work to be self-performed by the existing sub-awardee;

(f) For purposes of calculating tiers, the following will not be considered a tier: (i) subsidiaries of the awardee;

(ii) members of a joint-venture, provided the joint venture is either the awardee or otherwise a “tier” hereunder;

(iii) employment awards for a single individual, provided that such individual issues no further subawards;

(iv) suppliers/service providers for component parts for a sub-award issued for finished commodities purchased on the market. Only the sub-awardee supplying the finished commodity shall be considered a “tier” for purposes of this clause/provision;

(v) suppliers of administrative or professional services incidental to the completion of the award nor their sub-awardees, such as legal or financial services, provided such suppliers or their subawardees do not perform substantive work related to the scope of work hereunder.

(h) With exception provided in paragraph D above for sub-awards. The awardee will include this clause in all sub-awards, and will require sub-awardees to include this clause in all lower-tier sub-awards. The awardee will be responsible for compliance with this clause/provision by all sub-awardees and lower-tier sub-awardees.

Vetting –4-14.001 Information for Non-US contractors, subcontractors, and key individuals

(a) The awardee must complete and submit the “Information Form”, for

(i) Itself, if it is a non-U.S. entity;

(ii) Each sub-award or sub-awardee of a sub-awardee, regardless of the tier, that is a non-U.S. entity; or

(iii) Each key individual that is a non-U.S. entity.

(b) For purposes of this clause, the following definitions apply:

“Non-U.S. entity” means (1) any non-US citizen or non-permanent legal resident of the United States; or (2) any entity that is not formed in the United States or for which 50% or more of the equity is owned or controlled by persons who are not U.S. citizens or permanent legal residents of the United States.

“Key individuals” means (1) an individual or entity owning 10% or more equity stake in the organization, whether publically- or privately-held; (ii) principal officers of the organization’s governing body (e.g., chairman, vice chairman, treasurer or secretary of the board of directors or board of trustees); (iii) the principal officer and deputy principal officer of the organization (e.g., executive director, deputy director; president, vice president); (iv) the program manager or chief of party for the USAID-financed program; and (v) any other person with significant responsibilities for administration of USAID financed activities or resources.

“**Award**” means any contract, grant, guarantee, cooperative agreement, or any other instrument that acts as any of the same awarded by USAID. Unless the context otherwise requires, an Award includes Sub-awards, as defined below.

“**Awardee**” means any individual or organization that receives an Award. Unless the context otherwise requires, an Awardee includes Sub-awardees, as defined below.

“**Sub-award**” means any grant, sub-grant, guarantee, subcontract, or any other instrument that acts as any of the same awarded by an Awardee pursuant to an Award.

“**Sub-awardee**” means any individual or organization that receives a Sub-award. (c)The requirements of paragraph (a) of this clause must be completed at prior to the Government’s acceptance of the contract and following that, at the earlier of:

(i) Once a year; or

(ii)When there is a change or addition to any entity or person identified in paragraph (a).

(d) The requirements of paragraph (a) must be sent via email to Kabul_usaid_vsu@state.gov. The subject line shall include the prime award number the awardee name and the awardee’s Joint Contingency Contracting Registration number.

(e) USAID reserves the right to rescind approval for a sub-award in the event that USAID subsequently becomes aware of information indicating that the sub-award is contrary to US. law or policy prohibiting support for terrorism, or facilitating criminal activity. In such cases, USAID’s Contracting Officer will provide written instructions to the recipient to terminate the sub-award.

SPECIAL PROVISION FOR PERFORMANCE IN AFGHANISTAN (JULY 2010)

All recipient personnel deploying to Afghanistan **under** grants or cooperative agreements with a performance period over 30 days or valued at more than \$100,000 must be accounted for in the Department of Defense maintained Synchronized Pre-deployment and Operational Tracker (SPOT) system. Information about SPOT is available at <http://www.dod.mil/bta/products/spot.html> as well as from the Agreement Officer (AO) or Agreement Officer's Technical Representative (AOTR). Recipient shall register those individuals requiring SPOT-generated Letters of Authorization (LOAs) in SPOT before deploying any employees or consultants to Afghanistan. If individuals are already in Afghanistan at the time the recipient employs them, the recipient must enter each individual upon his or her becoming an employee or consultant under this award. Personnel that do not require LOAs are still required to be accounted for in SPOT for reporting purposes either individually or via an aggregate tally methodology. The recipient must maintain and keep current all employee and consultant data in SPOT. Information on how individual and/or aggregate tally registrations will be made in SPOT is available from the Agreement Officer (AO) or Agreement Officer's Technical Representative (AOTR).

Recipient performance may require the use of armed private security personnel. To the extent that such private security contractors (PSCs) are required, recipients are required to ensure they adhere to Chief of Mission (COM) policies and procedures regarding the operation, oversight, and accountability of PSCs. PSCs will be individually registered in SPOT.

Under this award, the term "PSC" includes any personnel providing protection of the personnel, facilities, or property of a recipient or sub-recipient at any level, or performing any other activity for which personnel are required to carry weapons in the performance of their duties. As specific COM policies and procedures may differ in scope and applicability, recipient is advised to review post policies and procedures carefully in this regard and direct any questions to the Embassy Regional Security Office (RSO) via the Agreement Officer's Technical Representative.

Any exception to these policies must be granted by the COM via the RSO. A copy of any exception must be provided to the AO and AOTR. COM policies and procedures may be obtained from the RSO via the Agreement Officer's Technical Representative. Recipient is also advised that these policies and procedures may be amended from time to time at the post in response to changing circumstances.

Recipient is advised that adherence to these policies and procedures is considered to be a material requirement of this grant/cooperative agreement. The recipient must include this provision in all sub-awards at any tier or contracts under their grant/cooperative agreement. Recipient is reminded that only the Agreement Officer has the authority to modify the Notice of Award. Recipients shall proceed with any security guidance provided by the RSO, but shall advise the Agreement Officer and the Agreement Officer's Technical Representative of the guidance received and any potential cost or schedule impact.

ELECTRONIC PAYMENTS HORTATORY LANGUAGE

Introduction

The various electronic payment systems available today accelerate financial inclusion for billions of poor people in developing countries who would otherwise have no access to financial services. Additionally, increased innovation in this arena has the potential to deliver a range of financial services that are affordable and convenient to the poor.

Discussion

THE OPPORTUNITY: Across the world today, USAID implementing partners spend millions of dollars of payments in cash every year. These payments may include disbursements of salaries, payments to vendors, payments to participants of programs, such as cash-for-work programs, emergency relief payments, and others. Implementing partners also often support businesses in a specific sector or along a value chain. They advise on how to build sound financial management systems, and marketing techniques, among other

technical assistance. Often these businesses rely on cash in their financial management systems. Advances in communication technology and network capacities have enabled innovative new ways to make payments through mobile devices, smart cards and other electronic methods. The transition from cash to electronic payments has potentially significant benefits for all groups involved:

- Cost Savings. Decreasing the costs associated with physical cash operations
- Transparency. Increased accountability and tracking of financial flows
- Security. Safer delivery of payments, especially for women
- Financial Inclusion. Reaching those not yet in the financial services sector

o New Market Access. Opening doors for fee-for-service business models to previously unserved areas due to high transaction costs.

Electronic payment systems include, but are not limited to, electronic funds transfers using bank accounts, pre-paid cards (bank issued magnetic or smart cards) using Point of Sale devices, mobile banking, and money transfer and payment systems available through mobile network operators and/or banks.

Of all the electronic payment systems, mobile money appears to be the least understood, yet the technology and infrastructure behind it might have the longest reach and greatest potential audience. Mobile money enables individuals to store money, seamlessly transfer it to friends and family in need, and withdraw it without ever travelling to a bank. Depending on the country, users may also be able to pay for goods and services and access a whole range of financial services through their mobile phone. This can be life-changing for the 2.5 billion people without access to basic financial services. Mobile money can also directly support USAID's broader goals because it increases financial inclusion, improves transparency, and roots out corruption by preventing leakages and also increases broad based economic growth.

END OF ATTACHMENT C – STANDARD PROVISIONS/OTHER PROVISIONS