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CONTRACT

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BETWEEN

BY

DKP

Diane K. Pastro

THE ROYAL GOVERNMENT OF AFGHANISTAN

this 27th day of
September, 1961

AND

ROBERT R. NATHAN ASSOCIATES, INC.

PIO/E 306-72-08C-3-10180 (Afghanistan)

THIS CONTRACT, entered into the 25th day of August, 1961 between The Royal Government of Afghanistan, through its Ministry of Planning (hereinafter referred to as "Government"), and Robert R. Nathan Associates, Inc., a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the "Contractor"), with its principal offices located at 1218 Sixteenth Street, N. W., Washington, D. C.;

WITNESSETH THAT:

WHEREAS, the Government requires the advisory services of the Contractor in connection with the development and implementation of its economic and social programs; and

WHEREAS, the Government of the United States of America, acting through the International Cooperation Administration (hereinafter referred to as "ICA") is willing to finance on behalf of the Government certain of the costs involved in the Work of the Contractor, and to provide administrative support to the Contractor in the pursuance of such work; and

WHEREAS, Contractor is willing and able to perform the work hereinafter required;

NOW, THEREFORE, the parties hereto mutually agree as follows:

ARTICLE I - STATEMENT OF WORK

(a) Services to be Performed

The Contractor shall provide technical advice and assistance to the Government through its Ministry of Planning in its efforts to improve and institutionalize its policy and its conceptual, procedural, technical, research and administrative capacity to develop, implement and constantly appraise multi-year plans for the economic growth and social development of Afghanistan.

The general objectives of this project are:

1. To provide technical advice and assistance to the Ministry of Planning of the Government in the formulation of economic and social development programs of Afghanistan.
2. To provide assistance and to develop programs for the technical training in planning of personnel to staff the Ministry of Planning on a continuing basis, and to staffs of related ministries as requested by the Government.
3. To advise and consult on the management, prosecution and implementation of the various segments and components of the development program.

More specifically, the Contractor in rendering advice and assistance to the Ministry of Planning shall:

1. Assist in the programming from year to year of the capital development activities of the Government, relate the projects and undertakings to the aggregate available resources, both domestic and foreign, and recommend adjustments as necessary and desirable in the over-all development goals and plans of the country with special emphasis on those projects carried out with the aid of the U. S. This will encompass the evaluation of available resources and making recommendations designed to maximize not only the availability of all resources but also assuring their maximum and efficient utilization. Such plans and recommendations with respect to resources shall include, but not be limited to, training and management, increased output of basic commodities, and justification for external assistance. The Contractor shall also give consideration to appropriate balance within the annual program relative to over-all goals and make recommendations with respect to appropriate priorities.

2. Advise and consult and submit recommendations to the Government with respect to basic economic policies essential for maximizing and accelerating the economic and social development of the country. These will concern such areas as fiscal (expenditures and revenues), monetary, credit, tariffs, price, wage, land use, foreign trade and balance of payments, investment incentives, and related economic policies.

3. Advise and consult on organization and procedures, on progress reporting, on techniques for breaking of bottlenecks and overcoming specific limiting factors.

4. Review from time to time on request of the Government, basic existing development plans and initiate fundamental research and analytical studies leading toward the adoption and publication of the Third Five Year Plan. This will include such aspects of planning as phasing of development projects, scheduling of commitments, scheduling of expenditures, scheduling of completions, projecting increases in production and income, projecting consumer income and expenditure patterns, projecting available internal and external resources, determining maximum feasible goals, and proposing priorities.

5. Provide such further related advice and consultation as the Contractor may be called upon by the Government to perform.

(b) Personnel

1. Contractor shall as expeditiously as possible send an Economic Advisory team (hereinafter referred to as "employees") to Afghanistan to perform the services required under (a) above. Each employee shall possess the necessary technical and executive experience to perform competently the tasks assigned. In addition Contractor shall, when required in its judgement for the effective prosecution of the work and with the prior written approval of the Government send to Afghanistan highly qualified consultants (hereinafter also referred to as "employees") for specialized assignments of work not to exceed three months in duration in Afghanistan for each employee (unless a longer period is approved in writing by Government).

2. It is presently estimated that Contractor shall furnish for work in Afghanistan employees for the positions designated below for periods

of service as indicated.

<u>Position</u>	<u>Estimated Man Months</u>
Chief Economist - Chief of Party responsible for operation of team in Afghanistan and authorized representative of Contractor	24
Financial Economist - qualified in monetary, credit, and foreign exchange areas	24
Industrial Economist - qualified in field of manufacturing, economic planning and policy in mining and power areas	24
Agricultural Economist - qualified in economic problems concerned with agricultural planning, programming and policy	24
Consultants - specialists in such fields as tax policy, exchange rates, central banking, agricultural credit, transportation rates, pricing, man power, tariff schedules, as required	12
Secretary - administrative assistant	24
Secretary - (Local Hire, U. S. Citizen)	24

3. Contractor shall provide the services of its home office staff, including an economist assigned full time, to furnish necessary assistance and support to its overseas employees. In addition Contractor shall provide for over-all supervision and direction of the work required under (a) above and for this purpose it is agreed Contractor shall assign Robert R. Nathan for this duty. Contractor shall also provide two inspection trips to Afghanistan per year by senior principals at least one of which shall be made by Mr. Nathan to supervise, and effectively direct and coordinate the work of its employees in Afghanistan. Inspection trips to Afghanistan in excess of two per year

shall be approved in writing by Government and the Director United States Operation Mission to Afghanistan (hereinafter referred to as "USOM").

(c) Reports

1. Contractor shall submit ten copies of a semi-annual report in English to Government and USOM not later than the 30th day of January and July of each year, covering operations and accomplishments for the previous six-month period.

2. Contractor shall upon completion of the work hereunder submit to the Government and USOM 10 copies of a final report in English covering operations, accomplishments and recommendations developed during the period of the Contract.

ARTICLE II - ESTIMATES AND LIMITATIONS ON FUNDS

(a) Estimate of U. S. Dollar Costs

The estimated cost of the work under this Contract exclusive of the fixed fee is \$435,000 dollars.

(b) Fixed Fee

The Contractor's fixed fee is \$40,000 (See Article III).

(c) Revised Estimate of Cost

The Government with the prior written approval of ICA may by written notice to the Contractor revise the estimate of the cost of work (exclusive of the fixed fee) and from time to time further revise any estimate of cost.

(d) Time for Completion

The parties hereto presently estimate that two years shall be required to complete the work of the Contractor in Afghanistan. Upon completion

of such estimated two year period of service in Afghanistan Government reserves the option of extending Contractor's services for an additional two year period at terms mutually acceptable to both parties.

(e) Obligated Funds and Limit in Total Payments

There is presently obligated for commitment under this Contract the amount of U. S. \$475,000 which may be utilized for reimbursement of U. S. dollar costs and payment of the fixed fee as provided for under Article III hereinafter called "obligated funds". Additional U. S. dollar sums may be allocated to this Contract by Government subject to prior written approval of ICA, in which event upon written notice to the Contractor by Government the obligated funds shall be deemed increased by the additional sum or sums so allocated. ICA's obligation for U. S. dollar payments to Contractor hereunder shall in no event exceed the obligated funds as allocated to this Contract in accordance with the foregoing provision.

(f) Notice of Costs Approaching Obligated Funds - Contractor Excused Unless Increased

The Contractor shall notify the Government and ICA in writing when the difference between the obligated funds and the aggregate of allowable expenditures and outstanding commitments and fee installments already accrued under this Contract is not sufficient to meet anticipated reimbursable U. S. dollar costs and fee installments to accrue hereunder during the ensuing one hundred and twenty (120) days, and unless the Government with the prior written approval of ICA allocates necessary additional funds within sixty (60) days after receipt of such notice, Contractor shall be excused from further performance of the work and he shall terminate the work

in an orderly manner and with such dispatch as will accomplish all authorized return travel of personnel, dependents and their effects within the total obligated funds as previously allocated to the Contract. Termination of the work in accordance with this provision shall be considered as a termination for the convenience of Government and settlement with Contractor shall be made in accordance with Clause XIX of Appendix A.

ARTICLE III - COSTS REIMBURSABLE, LOGISTIC SUPPORT TO CONTRACTOR AND FIXED FEE

(a) U. S. Dollar Costs

The U. S. dollar costs allowable under the contract shall be limited to reasonable and necessary costs determined in accordance with the provisions of "Appendix A" attached hereto and made a part hereof.

(b) Logistic Support

The Contractor shall be provided with the following:

1. By USOM

- a. Vehicle maintenance and repair for official local and within Afghanistan travel. (Two vehicles to be furnished for project use)
- b. Permanent and temporary residential housing for employees in Afghanistan including furnishings, maintenance, repair, fuel, utilities, etc. as provided for ICA employees of equivalent rank serving in Afghanistan.
- c. American Embassy medical and commissary facilities to the extent available to U. S. direct hire personnel in Afghanistan.
- d. Air transportation within Afghanistan.
- e. Per Diem allowances for employees while in official travel status in Afghanistan at rates provided to ICA personnel serving in Afghanistan.
- f. Use of eating facilities at USOM staff houses by Contractor's

employees and dependents on temporary or transient basis.

2. By Government

a. Office space, office furniture and furnishings, heating and telephone service.

b. Such Afghan personnel as may be required to assist Contractor in performance of its contractual obligations and for training.

c. The same rights, privileges, immunities and exemptions, respecting taxes, imports visas and the like as are provided USOM direct-hire personnel.

(c) Fixed Fee

The Contractor shall be paid a fixed fee of \$40,000 as follows: Twenty three (23) payments of \$1,400 at the end of each month following the commencement of the field work hereunder on documentation specified in Clause II of Appendix A, plus a final payment of 7,800 upon completion of the work and acceptance thereof by the Government provided that payment of the \$40,000 fee set forth above is contingent upon Contractor's employee's in Afghanistan (exclusive of the local hire secretary) and in the home office furnishing approximately 168 man months of direct service. In the event the total man months of direct service are less than 151 the fee of \$40,000 shall be adjusted downward by \$238 for each man month of direct service less than 158 man months. In the event the man months of direct service exceed 185 man months the parties hereto agree to negotiate an equitable adjustment in the fixed fee of \$40,000.

ARTICLE IV - APPENDIX "A"

The parties agree to be bound by the provisions set forth in Appendix "A"

attached hereto and made a part hereof.

In Witness Whereof, the parties hereto have executed this Contract on the day and year first hereinabove written which is the date of signing by the last signatory hereto.

THE ROYAL GOVERNMENT OF AFGHANISTAN

BY /s/ Zalmay Mahmud Ghazi

TITLE Charge d' Affaires

DATE 8/25/61

Witness as to signature
of Contractor

/s/ Maurice D. Atkin

ROBERT R. NATHAN ASSOCIATES, INC.

BY /s/ Robert R. Nathan

TITLE President

DATE 8/25/61

I, Maurice D. Atkin, certify that
I am the ----- secretary of
the Corporation named as Contractor herein;
that Robert R. Nathan who
signed this contract on behalf of the
Contractor, was then President
of said Corporation; that said contract was
duly signed for and in behalf of said
Corporation by authority of its governing
body, and is within the scope of its
corporate powers.

In Witness Whereof, I have hereunto
affixed my hand and seal of said corporation,
this 25 day of August, 19 61.

/s/ Maurice D. Atkin
Secretary

(Corporate Seal)

APPENDIX "A"

CONTRACT

BETWEEN THE

ROYAL GOVERNMENT OF AFGHANISTAN

AND

ROBERT R. NATHAN ASSOCIATES INC.

I. U. S. Dollar Costs

Contractor shall be reimbursed in U. S. dollars for the following direct and indirect costs.

Direct Costs

1. Salaries

a. Actual salaries or wages paid to all authorized and approved employees directly engaged in the performance of the contract work will be reimbursed subject to the conditions set forth herein. Such salaries or wages for overseas employees shall be at the rates or in the amounts approved in advance in writing by ICA specifically for each employee.

b. To the extent that the Contract authorizes direct work in the Contractor's home or domestic branch office, the reimbursable salaries of the employees performing such work shall not exceed the salaries paid by Contractor for other similar work, nor shall the total of home office salaries exceed \$50,000 without the prior written approval of ICA.

c. In case the full time of one or more authorized employees of the Contractor is not applied to the work hereunder, the salaries or wages of such employees shall be reimbursable only in proportion to the actual time applied thereto as reflected in daily time records.

day

d. Except for one/delay en route or as otherwise authorized in writing by ICA, salaries or wages of authorized and approved employees sent to Afghanistan will be reimbursed from the date of actual commencement of travel for the purpose of proceeding to Afghanistan but not earlier than a date when travel would have been commenced in order to arrive in Afghanistan on the actual date of arrival by the most direct and expeditious means of public transportation from the normal place of residence of the employee prior to his nomination for contract employment. Salary of overseas employees shall continue to be reimbursed while they are engaged in assigned overseas work, orientation

for not to exceed 5 days, and consultation as approved in advance in writing by ICA or Government, and during authorized leave time. Salary during authorized return travel will be reimbursed to the date of actual arrival at the employee's normal place of residence or a new place of residence but not for a period longer except for a one delay en route than the time required for travel by the most direct and expeditious means of public transportation from Afghanistan to the normal place of residence of the employee prior to his nomination for contract employment. Salaries will also be reimbursed for delays en route when traveling by the most direct and expeditious means of public transportation provided (1) such delays are not for the convenience of or due to the fault of the Contractor or the employee or (2) such delays are in connection with the other special travel for purposes directly related to the performance of the Contract as authorized in the Contract or specially authorized in advance in writing by ICA and Government. Delay time en route which is attributable to illness or physical incapacitation of the employee or his dependents will be reimbursed to the extent of the employee's earned leave time (sick or vacation) under the Contract.

e. In the event an employee voluntarily resigns or is discharged by Contractor or is terminated at the request of and as determined by ICA and the Government for stated reasons of misconduct and before he has completed his required tour of duty, the salary of such employee shall not be reimbursed for any day beyond his last actual work day in Afghanistan except that payment for unused vacation leave as provided in paragraph (f) below shall be made as well as salary for not more than one of Contractor's employees terminated for stated reasons of misconduct, subject to time limitation in (d) above. If such termination is for other than stated reasons of misconduct, the employee's salary shall continue to be reimbursed until his prompt return after termination to the point and time as limited in (d) above.

f. Subject to (g) below vacation and sick leave time shall be earned by employees at the rate of thirteen (13) working days per year vacation leave for the first year of service in Afghanistan and at the rate of 20 working days for the second year and thirteen (13) working days per year sick leave provided that the Director USOM may approve sick leave in excess of (13) working days. Such sick leave may be allowed for work days only when the employee is unable to work due to illness or accident. Vacation leave earned by overseas employees should be granted and taken during the period of the employees' tours of duty pursuant to a vacation schedule prepared by the Contractor and filed with the Government within three months after the employees arrive in Afghanistan. Lump-sum payments for vacation leave earned but not taken may be made at the end of an employee's service under the Contract but such lump-sum payments shall be limited to leave earned during six months unless the Contractor furnishes a certificate with the relevant payment voucher setting forth the circumstances which would not permit granting the leave as earned and scheduled.

g. No leave shall be earned or reimbursable for any employee whose required tour of duty under the Contract is less than six months.

h. Contractor's employees may be authorized by the Contractor paid holidays, to the extent that they fall on regular workdays, for New Year's Day, Fourth of July, Thanksgiving and Christmas, and such other holidays as may be authorized by the Government.

2. Overseas Salary Differential

In foreign areas where overseas salary differentials are paid to ICA employees at differential posts or in differential areas, differentials of the same percentage of salary as are provided such ICA employees in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), as from time to time amended, will except as otherwise provided in clause 3.(g) below, be reimbursable hereunder for Contractor's United States employees in respect to salaries or wages (excluding lump sum payments for vacation leave) earned during the time such employees actually spend overseas on work under this Contract including periods of authorized paid vacation (other than vacation taken at the termination of the employee's service under the Contract) or sick leave taken elsewhere than in the country of the employee's normal place of residence provided that no overseas salary differentials whatsoever shall be paid for Contractor's employees who are Consultants. Overseas salary differentials will be reimbursed only in connection with overseas assignments which exceed ninety days in Afghanistan.

3. Transportation

a. The actual amounts paid by Contractor will be reimbursed for transportation of authorized and approved employees (and dependents of such employees who are required to serve tours of duty under this contract in Afghanistan amounting to eighteen months or more, and dependents of other employees who are required to serve tours of duty of at least one year, if approved by ICA) from the place where travel to Afghanistan is actually commenced but not to exceed (a) the cost of first-class most direct and expeditious public transportation from the normal place of residence of the employee prior to his nomination for contract employment nor (b) the cost of the transportation actually used. Except as otherwise herein provided, the actual amounts paid by Contractor will be reimbursed for transportation of such employees and dependents from their overseas posts of assignment to the employee's normal place of residence or to a new place of residence but not to exceed (a) the cost of first-class most direct and expeditious public transportation to the normal place of residence of the employee prior to his nomination for contract employment nor (b) the cost of the transportation actually used provided that one day delay en route shall be permitted on travel to and from Afghanistan. Reimbursement for travel to and from Afghanistan will not be made with respect to any dependent who (i) does not arrive in Afghanistan

by a date which will permit him to remain overseas with the related employee for at least nine months or one-half the period of the related employee's initial tour of duty under the Contract, whichever is the greater, and (ii) does not in fact remain overseas with the related employee for such period unless his earlier return travel is reimbursable in accordance with the provisions of (b), (c) or (f) below. If any travel is performed by privately owned automobile, it will be reimbursed at the rate of ten cents per mile not to exceed the mileage by the most direct route between the points so traveled, provided the employee is taking such automobile to Afghanistan pursuant to authorization in the contract, provided further that if any authorized dependents travel with the employee in such automobile, no additional charge will be reimbursed for their travel between such points. Contractor shall wherever possible minimize travel expenses by utilizing the benefits of round-trip transportation tickets.

b. The costs of the employee's return transportation, including his unaccompanied baggage, household effects, other personal property and per diem allowances, shall not be reimbursable with respect to any employee who before he has completed his required tour of duty is discharged by Contractor or who voluntarily resigns, or who is terminated at the request of and as determined by ICA and the Government for stated reasons of misconduct of the employee or any of his dependents subsequent to the employee's approval by ICA for employment under the Contract provided that such costs shall be reimbursable for not more than one of Contractor's employees who is terminated because his or his dependents misconduct. In the event of any such termination or resignation of an employee, the Contractor shall be reimbursed for the return transportation of the employee's authorized dependents and their unaccompanied baggage and per diem allowances. The Contractor shall bear the costs of the out-bound transportation (including that of dependents, unaccompanied baggage, household effects, other personal property and per diem allowances) for the replacement of any employee whose return transportation is not reimbursable in accordance with the foregoing provisions unless such replacement is specifically waived in writing by ICA.

c. The costs of return transportation (including that of dependents, unaccompanied baggage, household effects, other personal property and per diem allowances) shall be reimbursed with respect to any employee who is terminated at the request of ICA or the Government for other than stated reasons of misconduct of the employee or any of his dependents subsequent to the employee's approval by ICA for employment under the Contract, subject to the same limitations which apply to employees who complete their assigned tours of duty.

d. The actual amounts paid by Contractor will be reimbursed for other transportation for purposes directly related to the performance of work under this Contract provided that such travel is specifically authorized in advance in writing by ICA, or Government.

e. The actual amounts paid by Contractor will be reimbursed for costs of transportation of the remains of any overseas employee who dies while engaged overseas as a contract employee or while in authorized travel status to or from Afghanistan, or of any authorized dependent who dies while residing with the employee overseas or while in authorized travel status to or from Afghanistan, and for round-trip transportation and prescribed per diem allowances for an escort of one person to the place of burial if the spouse or a dependent of the decedent is not returning in connection with such death under an authorization granted in accordance with (f)(1) or (f)(2) below, provided that reimbursement for such costs in connection with the death of an employee when the death arose out of and in the course of his employment will be made only to the extent that such costs are not payable under a workmen's compensation insurance policy carried by Contractor.

f. No reimbursable transportation for dependents is authorized other than one round-trip to and from Afghanistan with respect to any one tour of duty of the related employee. Notwithstanding the limitations herein contained with respect to time requirements on tours of duty and residence of dependents in Afghanistan, the USOM Director may in his discretion at any time authorize the return transportation from Afghanistan as final return reimbursable transportation subject to the same limitations on cost as provided in (a) above and (f) (g) and (h) of Clause VII under the following circumstances and conditions:

(1) Incapacitation of an employee through illness or accident not due to his willful misconduct, and to a degree which in the judgment of a doctor of medicine approved by the USOM Director will prejudice his work under the Contract; in which event reimbursable salary payments shall stop after the last day on which services are actually performed and all accrued leave is used up; and his dependents will be excused from the remainder of any required stay in Afghanistan. If the illness or injury arose out of and in the course of the employment, authorization for reimbursable travel for the employee may be made under this provision subject however to a later determination that part or all of such transportation costs are not payable under a workmen's compensation insurance policy carried by Contractor, and if it is determined that any such costs are so payable only the excess of such costs shall be reimbursable hereunder. In the event return transportation of an employee is authorized under this provision, such employee may later return to Afghanistan only under a new tour of duty and with the advance approval of ICA.

(2) In the event medical care for a dependent is needed beyond that available within Afghanistan or continued residence in Afghanistan would have a serious detrimental effect on the physical or mental health of a dependent and such is certified by a doctor of medicine approved by the USOM Director, the USOM Director may authorize the return transportation of any or all dependents provided that dependents who leave Afghanistan after such authorization may not return to Afghanistan with travel costs reimbursable

hereunder, during the remainder of the employee's required tour of duty, and thereafter only if the related employee undertakes and is approved for a new tour of duty of not less than one year and travel by dependents is specifically authorized in advance by ICA.

g. In the event of an emergency evacuation from Afghanistan on orders of the chief U. S. diplomatic officer in Afghanistan or the USOM Director, Contractor's employees and dependents shall be entitled to over-seas salary differentials, transportation and subsistence expenses the same as those accorded to ICA employees and their dependents similarly evacuated. The allowable costs which are incurred pursuant to such orders will be reimbursed hereunder, or other provision for such reimbursement will be made by ICA either before or subsequent to such evacuation.

h. Reimbursement for the costs of transportation of un-accompanied baggage for each employee (required to serve a tour of duty of 18 months or more in Afghanistan) and authorized dependent between the points as limited in (a) above, shall be limited to 300 pounds gross (including packing and crating) for each person, not more than 100 pounds gross (including packing and crating) of which for each may be shipped by air freight when the employee or dependent travels by air, and the difference may be shipped by surface freight. When the employee and/or dependent travels by surface, the shipment of the 300 pounds gross is limited to shipment by surface transportation and any part of this weight allowance which is carried free by the surface carrier with the passage of the employee or dependent will not be reimbursable hereunder. For employees serving tours of duty of less than one year reimbursement shall be made for fifty pounds of accompanied baggage.

i. Reimbursement for the costs of storage in a commercial warehouse or of surface transportation of household effects (including packaging, crating and forwarding) between the points as limited in (a) above for each employee required to serve a tour of duty in Afghanistan amounting to eighteen months or more, and for other employees who are required to serve tours of duty of at least one year if authorized by ICA, and who is accompanied or joined by one or more authorized dependents shall be limited to 2,000 pounds exclusive of packing and crating and if such employee is not accompanied or joined by an authorized dependent this limit shall be 1,000 pounds exclusive of packing and crating provided that in no event shall the aggregate of the net weight of household effects shipped and stored exceed these limits as applicable to the respective employees and further provided that in addition reimbursement shall be made for cost of surface round trip transportation of one unboxed American automobile. The weight allowances set forth above are generally for application when partly furnished quarters are made available to the employees in Afghanistan and such allowances shall be applicable in any event unless greater or lesser weight allowances are specifically approved by ICA.

4. Subsistence Expenses

a. Per diem allowances in lieu of subsistence expenses paid

by Contractor to employees and authorized dependents will be reimbursed for the time such persons are in authorized travel status as limited by the transportation provisions herein above and the time required to complete such travel by the most direct and expeditious public transportation and at the following rates: (1) for travel within the continental United States not continuous with travel to and from Afghanistan, \$12.00 per day, (2) for travel to and from Afghanistan and travel within the continental United States continuous with travel to and from Afghanistan by employees and dependents 11 years of age or over, \$6.00 per day and for dependents under 11 years of age, \$3.00 per day, (3) for other authorized travel, the rate or rates prescribed for ICA employees performing the same travel.

b. The per diem in lieu of subsistence expenses includes all charges for meals, lodging (not including accommodations on airplanes, trains or boats), personal use of room during daytime, baths, all fees and tips to waiters, porters, baggagemen, bellboys, hotel maids, dining room stewards and others on vessels, hotel service in foreign countries, telegrams and telephone calls reserving hotel accommodations, laundry, cleaning and pressing of clothing, fans and fires in rooms, and transportation between places of lodging or business and places where meals are taken.

c. In computing per diem in cases where the traveler crosses the international date line (one hundred and eightieth meridian), actual elapsed time shall be used rather than calendar days.

5. Insurance Premiums

To the extent that such premiums are not normally included in Contractor's overhead, the actual premiums paid and for no greater time of coverage than necessary, will be reimbursed for the following insurance: (1) workmen's compensation as required by the Defense Base Act (42 USC 1651) for overseas employees who are hired in the United States or who are American citizens or bona fide residents of the United States, (2) marine insurance approved by ICA and (3) such other insurance as is specifically approved by ICA provided that all such insurance coverage and premium rates shall be subject to written approval of ICA.

6. Equipment, Materials and Supplies

The actual costs of office machines, and equipment procured by the Contractor as required for the work in Afghanistan provided that such costs shall not exceed \$2000 including necessary costs of transportation without the prior written approval of ICA.

7. Miscellaneous Expenses

To the extent not normally included by Contractor in overhead, reimbursement will be made for the following and similar miscellaneous expenses reasonably incurred by Contractor in the performance of work under this Contract: long-distance telephone calls, telegrams and cables,

postage and messenger service, passports, passport photographs and visa fees, pre-departure medical examinations of employees and dependents as required under the Contract and inoculations for employees and authorized dependents; provided that reimbursement for such miscellaneous expenses shall not exceed the maximum amount of 7,500 without the prior written approval of ICA.

8. Other Direct Costs

Reimbursement will be made for such other direct costs which are neither specified above nor in excess of those listed above and which are not expressly excluded by other provisions of this contract, provided that ICA makes a written finding that such costs are or were reasonable and necessary in the performance of the Contract. Whenever possible Contractor should seek the prior written approval of ICA before incurring any such costs.

Indirect Costs

(a) Indirect costs (overhead) allocable to the Contract shall be reimbursed periodically at the provisional rate of 40 % of the U. S. dollar base salaries (excluding overseas salary differentials) paid by Contractor to its employees (excluding such of its employees who are consultants) assigned to work in Afghanistan, and at the provisional rate of 65% of the direct salaries paid by Contractor to its home office personnel directly engaged in rendering services under this Contract. The foregoing rates based on an analysis and evaluation by ICA of relevant financial data pertaining to Contractor's indirect expenses are, as stated above, provisional and shall be subject to revision, in accordance with annual or other audits as may be performed by ICA (or other appropriate U. S. Government agency), to conform with the Contractor's actual indirect expenses properly allocable to this Contract within the limitations hereinafter set forth. Promptly following establishment of actual overhead rates by any such audit an appropriate adjustment will be made in payments made for the period covered by the audit and the actual rate so established shall become the provisional rate for the ensuing period provided that in no event shall reimbursement for indirect expenses under this Contract exceed either 45% of the U. S. dollar authorized base salaries paid by Contractor to its employees (exclusive of Consultants) assigned to work in Afghanistan, or 75% of direct salaries paid by Contractor to its home office personnel directly engaged in rendering services under the Contract.

(b) Allowable overhead items will normally include those indirect expenses of the Contractor's home office which are properly allocable to the Contract by methods in accord with those generally accepted accounting principles which are applicable under the circumstances. The objective sought in such allocations is to distribute fairly and equitably to the Contract, on the basis of the benefit received or in proportion to the cause of the incurrence of the expense, a reasonable share of the cost of each allowable item of indirect expense. Direct costs which are not allowable as such shall not be allowable as indirect costs.

(c) Examples of items which are allowable may include reasonable salaries paid to partners, principals, officers and other direct employees; social security taxes, workmen's compensation insurance, payments under established pension, retirement, group health, accident and life insurance and incentive payment plans, and vacation, holiday and severance pay, sick leave and military leave pay all to the extent that such items are not included in the direct costs authorized by the Contract; also legal and accounting expense, new business activities, clerical and stenographic work, general accounting, personnel, office and drafting room supplies, depreciation of buildings, office and drafting room furniture and equipment and/or amortization of leasehold improvements, local telephone service, rent of office space and equipment, utilities, non-allocable time of engineers, draftsmen and other technical employees, provided that only 50% of Contractor's employees unassigned (non-allocable) time shall be included in the determination of the actual indirect expenses allocable to this contract for home office and overseas employees, and further provided that only 20% of the cost of rent, heat, repairs, light, power, liquidation and amortization, and dues and subscriptions, shall be included in the determination of actual indirect expenses applicable to overseas employees.

Unallowable Direct and Indirect Costs

Irrespective of whether they are treated as direct or indirect costs, the following items are examples of costs which shall be unallowable:

- a. Advertising, except "help wanted" and institutional and trade advertising.
- b. Bad debts (including expenses of collections) and provisions for reserve for bad debts.
- c. Bonuses and similar payments under any other name, which are not consistent with a practice so well established as to constitute a condition of employment.
- d. Compensation pursuant to any agreement or understanding for payment of a commission, percentage, brokerage, or contingent fee to any person or selling agency employed or retained to solicit or secure a government contract.
- e. Contingency reserve provisions except provisions of self-insurance reserves which are specially provided for in the Contract.
- f. Contributions and donations.
- g. Dividend provisions or payments.
- h. Entertainment expenses.

- i. Federal taxes on income and excess profits.
- j. General research, except as specifically provided for in the Contract.
- k. Interest on borrowings, however represented, bond discount and expenses, and financing charges.
- l. Legal, accounting, and consulting services, and related expenses incurred in connection with organization or reorganization, prosecution of patent infringement litigation, prosecution or defense of anti-trust suits, or the prosecution of claims against the United States or Government.
- m. Losses from sale, exchange, or abandonment of capital assets, including investments.
- n. Losses on other contracts.
- o. Maintenance, depreciation and other costs incidental to the Contractor's excess facilities (including machinery and equipment) other than reasonable stand-by facilities.
- p. Premiums for insurance on the lives of any persons where the Contractor is the beneficiary directly or indirectly.
- q. Selling and distribution activities and related expenses not applicable to the Contract products or services.
- r. Taxes and expenses in connection with financing, refinancing, or refunding operations, including the listing of securities on exchanges.
- s. Taxes of any nature including customs duties, import taxes and income and social security taxes paid to Afghanistan or any of its political subdivisions.
- t. Depreciation in excess of that calculated by application of the double declining method as recognized by BIR.

Cost Principles

The cost principles which shall be applied in the determination and allowance of costs under this Contract are those set forth in a document entitled "Cost Principles - July 1960" receipt of a copy of which is hereby acknowledged by the Contractor. To the extent of any conflict between said principles and the provisions of this Contract including its Appendices, the provisions of the latter shall govern.

II. METHOD OF PAYMENT

ICA, through the Controller USOM will pay the U. S. dollar costs of this Contract monthly and the fixed fee as provided in Article III (c), directly to the Contractor, upon submission of the following documentation, provided that ten percent (10%) of each fee payment shall be withheld until full completion of the work prescribed herein and acceptance thereof by Government:

Claims for payment of U. S. dollar costs and fee must be submitted to the Office of the Controller, USOM and accompanied by the documents specified in this clause as appropriate and/or such other supporting documents and justifications as ICA shall prescribe. Contractor's final voucher to be clearly labelled "Final Voucher", must be submitted within 120 days after completion of performance of the Contract, unless such period is extended by ICA. Each such document must be identified by the appropriate ICA Contract number.

(a) Voucher, SF-1034, executed in original and three (3) copies.

(b) Contractor's detailed invoice, in original and one (1) copy indicating fully for each amount claimed the paragraph of the Contract and/or appendix under which reimbursement is to be made, supported when applicable by:

(1) For salaries, consultant fees and related allowances; copy of Contractor's payroll showing at least the employee's and consultant's names, rates of pay and amounts paid and period covered.

(2) For employee's and dependents' transportation costs and travel allowances: a statement of the itinerary with attached originals or copies of carrier's receipts. Travel allowances must be stated separately.

(3) For costs of commodities, equipment and supplies, insurance and other costs: receipted supplier's invoices, appropriately detailed as to quantity, description and price (after deducting all applicable discounts and purchasing agents' commission); provided that in respect to individual transactions involving less than \$100 each, the Contractor may furnish, in lieu of such receipted invoices, a detailed itemization of the supplier's invoices with payment indicated by the Contractor's check numbers. A copy (or photostat) of the rail or ocean bill of lading, airway bill or parcel post receipt evidencing delivery of supplies and equipment to the appropriate destination must be submitted with suppliers' invoices. The method of, or absence of, advertising in connection with all procurement must be stated on voucher SF 1034, or SF 1036, as appropriate.

(4) For cost of ocean or air freight transportation of supplies

and equipment: receipted invoice of the supplier of transportation appropriately detailed as to the vessel, flag and cost of freight and related transportation charges and a copy (or photostat) of the ocean or charter party bill of lading or airway bill if applicable. If the bill of lading furnishes all of the information indicated, no invoice is required.

(c) For all individual items of commodities, equipment and supplies procured at a cost in excess of \$5,000, Contractor shall secure and furnish with its invoice a Supplier's Certificate (ICA Form 280), in triplicate, executed by the vendor or supplier, with invoice and abstract of procurement or supply contract on the reverse side for each individual transaction.

(d) Contractor's invoice must have attached thereto or endorsed thereon, one copy of a Work Progress Certificate signed by the Contractor in the following:

"The undersigned certifies that the costs reimbursable to the Contractor and the amount of fee payable to the Contractor in accordance with the terms of the Contract, up to the date of this certificate, are not less than the total payments received or claimed by the Contractor under the Contract (including the payments claimed under the invoice), and that the Contractor has fully complied with the terms and conditions of the Contract."

Upon completion of the work and its acceptance by Government and upon the furnishing by the Contractor of a release, in such form and with such exceptions as may be approved by Government and ICA, of all claims against Government and ICA under or arising out of this Contract, accompanied by a satisfactory accounting for all ICA and Government-owned property for which it had custodial responsibility hereunder, ICA shall pay to the Contractor the unpaid balance of allowable costs and fixed fee (if any), less (i) deductions due under the terms of this Contract, and (ii) any sum required to settle any unsettled claim which Government or ICA may have against the Contractor in connection with this Contract.

III. DEFINITIONS

As used throughout this contract, the following terms shall have the meaning as set forth below:

(a) The term "USOM" means the ICA mission to, or principal ICA office in, Afghanistan.

(b) The term "USOM Director" means the Director of the USOM, the Deputy Director of the USOM or a person duly authorized to perform the functions of the Director or Deputy Director of the USOM.

(c) The term "dependents" means the wives and unmarried children of Contractor's employees who are under 21 years of age at the time of their departure for Afghanistan concurrent with or subsequent to the departure of the employee under the contract.

(d) The term "tour of duty" means the minimum specified time which a contract employee is required to remain in Afghanistan for performance of services under the contract and it includes authorized vacation and sick leave taken during such time.

(e) Except as provided in clause XV below, the term "subcontracts" includes purchase orders under this contract.

IV. CONSIDERATION

Payment will be made for allowable costs and the fixed fee set forth in this contract, and such payment shall constitute complete compensation for the Contractor's services under this contract.

V. MODIFICATION OR AMENDMENT

No modifications or amendments shall be made to this contract except as provided in the "Changes" clause (see clause VI below) and/or as may be mutually agreed upon in writing by the Contractor and the Government and approved in writing by ICA.

VI. CHANGES

(a) The Government and ICA may at any time, by a written order, and without notice to the sureties, if any, make changes, within the general scope of this contract, in any one or more of the following: (i) statement of work or services, (ii) drawings, designs, or specifications, (iii) method of shipment or packing, (iv) place of inspection, delivery, or acceptance, and (v) the amount of logistic support and property of the U. S. or Afghanistan Government to be furnished or made available to the Contractor for performance of this contract. If any such change causes an increase or decrease in the estimated cost of, or the time required for performance of this contract, or otherwise affects any other provision of this contract, whether changed or not changed by any such order, an equitable adjustment shall be made by Government with the prior written approval of ICA (i) in the estimated cost or delivery schedule, or both, (ii) in the amount of any fee to be paid to the Contractor, and (iii) in such other provisions of the contract as may be so affected, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within sixty (60) days from the date of receipt by the Contractor of the notification of change: Provided, however, that the Government with the prior written approval of ICA, if it decides that there are special facts justifying such action, may receive and act

upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes". However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

VII. CONTRACTOR EMPLOYEES

(a) In all work and at all times covered by this Contract, Contractor shall maintain its status as an independent Contractor and shall exercise complete control over its employees. Contractor and its employees shall conform to all applicable laws, regulations and ordinances promulgated by legally constituted authorities of the Government and shall promptly correct any violations thereof called to their attention.

(b) Contractor shall be responsible for the professional and technical competence of its employees and will use its best efforts to select and employ for work in Afghanistan only those persons who in its judgment will be reliable and most likely to perform satisfactorily the terms of their employment agreements with Contractor, and who will comply with local laws, respect the local customs and conform to a high standard of moral and ethical conduct. Contractor shall furnish to ICA on forms provided by ICA, biographical information, including citizenship, experience, references and character information concerning all proposed employees prior to their assignment to work in Afghanistan, and with respect to all such information Contractor shall take such measures as are reasonable to assure the accuracy and correctness thereof. No person shall be employed, or if otherwise employed by the Contractor, shall be assigned for overseas work under this Contract, nor shall any such person depart for Afghanistan or begin work in Afghanistan prior to ICA's approval, notice of which shall first be given in writing to Contractor. Contractor further agrees, on written request of Government or ICA, to terminate the employment under this Contract of any of its employees in Afghanistan if Government or ICA determines that such termination is required.

(c) If this Contract authorizes the employment of any Afghanistan nationals or local labor, Contractor shall consult with the USOM Director or such other official as he may designate, with respect to the existing local labor laws, regulations and labor standards and with a view to adopting and demonstrating good employment practices.

(d) Other than for work to be performed under this Contract for which an employee is assigned by Contractor, no employee of Contractor shall engage, directly or indirectly, either in his own name or in the name or through the agency of another person or entity, in any business, profession or occupation in Afghanistan; nor shall he make loans or investment to or in any business, profession or occupation in Afghanistan.

(e) If any person who is employed for services overseas under this Contract is also a dependent of any other overseas employee under this

Contract, such person shall continue to hold the status of a dependent and be entitled and subject to the Contract provisions which apply to dependents except as an employee he or she shall be entitled to an approved salary for the time services are actually performed in Afghanistan and workmen's compensation as hereinafter provided but such person shall not be entitled to overseas salary differential or any other allowances which are granted to non-Afghanistan employees. If Contractor locally employs any other person who is resident in but not a national of Afghanistan, such person may be allowed only an approved salary and workmen's compensation as provided hereinafter. The term "approved salary" as used above shall mean salary including vacation and sick leave in accordance with Contract salary rate provisions in the case of U. S. dollar salaries.

(f) Contractor shall exercise reasonable precautions in assigning employees for work under this Contract in Afghanistan to assure that such employees are physically fit for work and residence in Afghanistan. In carrying out this responsibility Contractor shall require all such employees other than those hired in Afghanistan to be examined by a licensed doctor of medicine independently selected and designated by the Contractor. These examinations shall be conducted on the basis of tests and criteria set forth in medical forms supplied by ICA and such additional tests as may be approved in advance in writing by ICA. Contractor shall require its selected doctors to make a finding on the medical form provided as to the physical fitness of the examinee for the proposed specific employment and residence in Afghanistan or to make firm recommendations regarding such employment. Contractor shall retain in its files all such medical reports. If Contractor employs and assigns to a position overseas under this Contract any person whose medical report contains a negative finding or a recommendation against such employment and the employee is unable to complete his required tour of duty because of a physical disability (not arising from an accident) regardless of whether such disability is or can be connected with a condition or disability which existed prior to his employment, Contractor shall not be reimbursed for the return transportation costs of such employee and his dependents and their effects, and Contractor shall bear all transportation costs to Afghanistan of any necessary replacement.

(g) Contractor agrees that whenever dependents of employees are authorized under this Contract to accompany to, or join the employees in, Afghanistan, he shall require all such dependents to undergo a pre-departure medical examination by Contractor selected doctors similar to that required for prospective employees and Contractor shall obtain a positive written finding by such doctors that the dependent's health is such that he or she may reasonably be expected to remain in Afghanistan for the duration of the related employee's required tour of duty. If the said medical examination is not given, or if given and such positive medical finding is not made with respect to a particular dependent, and such dependent is unable to remain in Afghanistan with the related employee for at least nine months or one-half the period of the related employee's initial tour of duty, whichever is the

greater, because of a physical disability (not arising from an accident) regardless of whether such disability is or can be connected with a condition or disability which existed at the time of the pre-departure medical examination. Contractor shall not be reimbursed for the travel costs to and from Afghanistan for such dependent.

(h) In the event a dependent fails, or is unable, to remain in, Afghanistan for medical reasons or any other reason, the related employee shall not be relieved of his obligation to fulfill his required tour of duty.

VIII. CORRECTNESS OF ESTIMATES NOT GUARANTEED

Government does not guarantee the correctness of any estimate of cost (or of any stated estimate of time for performance) of the work under this Contract.

IX. GOVERNMENT'S RIGHT TO TERMINATE NOT AFFECTED

The giving of any notice by either party under Article II of this Contract shall not be construed to waive or impair any right of Government to terminate the contract under the termination clauses of the Contract.

X. WORKMEN'S COMPENSATION INSURANCE

(a) The Contractor shall provide and thereafter maintain workmen's compensation insurance as required by United States Public Law 208, 77th Congress, as amended (42 USC 1651 et seq.), with respect to and prior to the departure for overseas employment under this Contract of all employees who are hired in the United States or who are American citizens or bona fide residents of the United States.

(b) The Contractor shall further provide for all employees who are nationals or permanent residents of the country in which services are being rendered, if the Contract authorizes their employment, security for compensation benefits pursuant to the applicable law of such country for injury or death in the course of such employment, or in the absence of such law, employer's liability insurance. For all other authorized employees not hired in the United States or who are not American citizens or bona fide residents of the United States, Contractor shall provide the necessary employer's liability insurance.

(c) The Contractor agrees to insert the provisions of this clause including this paragraph c, in all subcontracts or subordinate contracts hereunder, except subcontracts or subordinate contracts exclusively for furnishing materials or supplies.

XI. TITLE TO AND CARE OF PROPERTY

(a) Title to all equipment, materials and supplies, the cost of

which is reimbursable to Contractor by ICA, shall, at all times, be in the name of the Government, or such public or private agency as the Government may designate but all such property shall be under the custody and control of Contractor until completion of work under this Contract or its termination at which time custody and control shall be turned over to the owner of title or disposed of in accordance with its instructions. All performance guaranties and warranties obtained from suppliers shall be taken in the name of the title owner.

(b) Contractor shall prepare and establish a program to be approved by Government for the receipt, use, maintenance, protection, custody and care of equipment, materials and supplies for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program.

XII. PROCUREMENT OF EQUIPMENT, MATERIALS AND SUPPLIES

(a) If the Contract authorizes or requires Contractor to procure equipment, materials or supplies, the cost of which is to be reimbursed hereunder, such procurement (1) shall be of new equipment, materials or supplies unless procurement of used equipment, materials or supplies is approved in advance in writing by ICA, and (2) shall be effected from free world sources as defined in ICA Geographic Code 898.

(b) All such procurement shall be effected with a view to obtaining the best economic advantage to the project being implemented by this Contract. Except for small purchases as defined in Subpart 1-3.6 of the U. S. Federal Procurement Regulations and which are procured in accordance with the intent thereof and except when Contractor's own established method of procurement or another special method of procurement is specifically approved in advance in writing by ICA, all procurement shall be effected on the basis of formal sealed bids which are invited from the public generally or from a number of qualified bidders sufficient to assure adequate competition.

(c) All invitations for bids shall contain the following statement in bold face type, "This procurement is for a project financed by the International Cooperation Administration of the United States Government. Suppliers of individual items of commodities, equipment and supplies costing in excess of \$5,000, must execute and furnish Supplier's Certificates (ICA Form 280)." In the course of all informal requests for quotations or bids under an approved method of procurement, Contractor shall inform the prospective suppliers of the substance of the foregoing.

(d) Contractor may obtain ocean marine insurance on equipment, materials and supplies procured under this Contract only after obtaining the prior written approval of ICA.

XIII. REPORTS AND INFORMATION

All information gathered under this Contract by Contractor and

all reports and recommendations hereunder shall be treated as confidential by the Contractor and shall not, without Government's written approval, be made available to any person, party or government other than ICA, except as otherwise expressly provided in the Contract. Contractor shall prepare and submit such interim and final reports as provided in Article I of the Contract.

XIV. DISPUTES

(a) Except as otherwise provided in this Contract, any dispute concerning a question of fact arising under this Contract which is not disposed of by agreement shall be decided by The Director, Office of Contract Relations, ICA, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of The Director, Office of Contract Relations, ICA, shall be final and conclusive unless within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Director, Office of Contract Relations, ICA, a written appeal addressed to the Director, International Cooperation Administration. The decision of the Director, ICA or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the Contract and in accordance with the decision of the Director, Office of Contract Relations, ICA.

(b) This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above: Provided, that nothing in this Contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

XV. SUBCONTRACTS

Except as provided for in the Contract or as authorized in advance in writing by Government and ICA, Contractor shall not subcontract any part of the work under this Contract. In no event shall any such subcontract be on a cost-plus-a-percentage-of-cost basis. This clause shall not be construed to require further authorization for the procurement of equipment, materials and supplies otherwise authorized under the Contract and procured in accordance with clause XII.

XVI. LANGUAGE, WEIGHTS AND MEASURES

The English language shall be used in all written communications between the parties under this Contract with respect to services to be rendered and with respect to all documents prepared by the Contractor except

as otherwise provided in the Contract or as authorized by the Government. Wherever weights and measures are required or authorized, all quantities and measures shall be made, computed and recorded in such system(s) of weights and measures as provided in the Contract or as directed by the Government.

XVII. NOTICES

Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, or cable or registered mail as follows:

To Government: Ministry of Planning
Royal Government of Afghanistan
Kabul, Afghanistan

To ICA: Director, Office of Contract Relations
International Cooperation Administration
Washington 25, D. C.

To Contractor: At Contractor's address shown in the
opening paragraph of this Contract

or to such other address as either of such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered.

XVIII. INSURANCE ON PRIVATE AUTOMOBILES

If Contractor or any of its employees or their dependents transport or cause to be transported (whether or not at contract expense) privately owned automobiles to Afghanistan, or they or any of them purchase an automobile within Afghanistan, Contractor agrees to make certain that all such automobiles during such ownership within Afghanistan will be covered by a paid-up insurance policy issued by a reliable company providing the following minimum coverages, payable in U. S. dollars or its equivalent in the currency of Afghanistan: injury to persons, \$10,000/\$20,000; property damage, \$5,000. Contractor further agrees to deliver or cause to be delivered to the USOM Director or such other official as designated by the USOM Director, the insurance policies required by this clause or satisfactory proof of the existence thereof, before such automobiles are operated within Afghanistan. The premium costs for such insurance shall not be a reimbursable cost under this Contract.

XIX. TERMINATION

(a) Notice of Termination for Default or Convenience. The Government may at any time terminate performance of the work under this Contract in whole or in part for the default of the Contractor, or in whole or from time to time in part for the convenience of Government, by a 30 day written notice to the Contractor stating the ground for termination. Such termination shall

be effective in the manner and upon the date specified in said notice and shall be without prejudice to any claims which Government or ICA may have against the Contractor. Upon receipt of such notice, the Contractor shall, unless the notice directs otherwise, immediately discontinue all work and the placing of all orders for materials, facilities and supplies in connection with the terminated portion of this Contract and shall proceed to cancel promptly all existing orders and terminate all subcontracts insofar as such orders or subcontracts relate to the terminated portion of this Contract.

(b) Default. The performance of the work may be terminated for default if the Contractor refuses or fails to prosecute the work, or any separable part thereof, with such diligence as will insure its completion within the fixed time for completion if a fixed time is stated or within a reasonable time if no fixed time for completion is stated in the Contract; Provided, that the performance of the work shall not be terminated for default because of any delays in the completion of work due to force majeure as defined in clause XX, if the Contractor shall promptly and in any event within thirty (30) days from the beginning of any such delay notify the Government and ICA in writing of the causes of delay. Government and ICA shall ascertain the facts and the extent of the delay and extend the time for completing the work if a fixed time for completion is stated in the Contract or otherwise excuse the delay when in their judgment the findings of fact justify such an extension or excusing, and their findings of fact thereon shall be final and conclusive on the parties hereto, subject only to appeal in accordance with the clause entitled "Disputes."

(c) Liability for Default. Nothing contained in this clause XIX shall be construed to limit or affect any remedies which Government or ICA may have as a result of a default by the Contractor.

(d) Terms of Settlement. Upon the termination of performance of work in accordance with this clause, full and complete settlement of all claims of the Contractor with respect to the terminated work shall be made as follows, although prior to final settlement, ICA may in its discretion authorize partial payment of allowable costs:

(1) Assumption of Contractor's Obligations. ICA may in its discretion, assume and become liable for all obligations, commitments and claims that the Contractor may have theretofore in good faith undertaken or incurred in connection with the terminated work, the cost of which would be allowable in accordance with the provisions of this contract; and the Contractor shall, as a condition of receiving the payments mentioned in this clause, execute and deliver all such papers and take all such steps as ICA may require for the purpose of fully vesting in ICA all the rights and benefits of the Contractor under such obligations or commitments.

(2) Payment for Allowable Costs. ICA shall reimburse the Contractor or allow credit for all allowable costs incurred in the performance of the terminated work and not previously reimbursed or otherwise discharged.

(3) Payment for Termination Expense. If performance of work under the Contract is terminated for the convenience of Government, ICA shall reimburse the Contractor for such further reasonable and necessary expenditures made after the date of termination as are justified to and approved in advance in writing by ICA.

(4) Adjustment and Payments on Account of Fixed Fee.

If performance of work under the Contract is terminated, the fixed fee provided for in the Contract except as indicated next below, shall be adjusted by crediting Contractor with that portion of the fixed fee which the work actually completed, as determined by the ICA, bears to the entire work under this Contract and charging the Contractor with payments previously made on account of the fee. If the fee provided for in the Contract is specifically therein computed and subject to any adjustment on the basis of the number of man months of services rendered, then the method of adjustment so specified shall be used in determining the amount of fee to be credited to the Contractor and the payments previously made on this account shall be charged against the Contractor.

(5) Computation of Amount Due. In arriving at the amount due the Contractor after termination, there shall be charged against Contractor (i) all unliquidated advance or other unliquidated payments on account theretofore made to the Contractor, (ii) any claim which ICA or Government may have against the Contractor in connection with this Contract, and (iii) deductions due under the terms of this Contract, and not otherwise recovered by or credited to ICA.

(6) Disposition of Advances. If performance of the work under the Contract is terminated for the default of the Contractor, the Contractor shall forthwith remit to ICA the unliquidated balance of any advance under the Contract. If performance of work under the Contract is terminated for the convenience of Government, the unliquidated balance of any advance shall be deducted from any payment otherwise due the Contractor, and if the sum due the Contractor is insufficient to cover such balance, the excess thereof shall be remitted by the Contractor to ICA after demand and final audit of all accounts hereunder.

(7) Property Accounting and Release. The Contractor shall furnish an accounting for all contract property which it had custody of, and a release in a form prescribed by the USOM.

(e) No Fee for Work After Default. In the event this contract requires completion of the work within a fixed time or by a fixed date and Contractor is in default (not excusable by force majeure) for failure to meet the required completion time, the Contractor shall remain bound to perform and complete such work as expeditiously as possible. No additional fee shall be paid for work performed after such required completion date and Government reserves the right to terminate performance of the work for such default at any time.

XX. FORCE MAJEURE

(a) Definition. Force Majeure means unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God, or of the public enemy, acts of the U. S. or Government in either their sovereign or contractual capacity, acts of another Contractor in the performance of a contract with the said Governments, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather or delays of subcontractors due to such causes.

(b) Costs During Force Majeure. During the occurrence of any force majeure which prevents Contractor or Contractor's employees from performance of work in whole or in part, Contractor shall continue to be reimbursed for its costs including salaries and other contract allowances paid to or for Contractor's overseas employees for stand-by time occasioned by the force majeure, to the extent otherwise reimbursable under this Contract, provided however, that Contractor shall minimize such costs to the greatest extent possible.

(c) Fee Adjustment for Force Majeure Time. In the event a force majeure occurs which wholly prevents Contractor from performance of the contract work in Afghanistan continuously over a period in excess of fifteen (15) consecutive days and the required notice of the occurrence of force majeure as provided in clause XIX (b) has been given by Contractor, ICA and Contractor shall negotiate in good faith for an equitable adjustment of the fee, provided that the Contractor shall within ninety (90) days after the discontinuance of the force majeure, file a written claim with the Government and ICA or give notice to the Government and ICA of its intention to claim an adjustment of the fee and the basis therefor. If Contractor fails to file such claim or give the required notice within the time specified, it shall be deemed to have waived its right to any fee adjustment with respect to such force majeure. Failure to agree on an equitable adjustment under this clause shall be deemed to be a dispute within the meaning of the clause entitled "Disputes". Notwithstanding the foregoing, if the fee provided for in the Contract is specifically therein computed and subject to any adjustment on the basis of the number of man months of services rendered, the method of adjustment so specified shall be controlling; it being understood that the term "man months of services" includes time when the employees are unable to work due to the occurrence of force majeure, are kept in a stand-by status, do not return to the country of their origin or normal place of residence and are not otherwise employed.

(d) Fee Installment Payments During Force Majeure. If the Contract provides for payment of the fixed fee in periodic fixed installments, the first installment payable after the occurrence of a force majeure exceeding fifteen (15) days shall be paid in accordance with such schedule but, unless otherwise authorized by ICA, no further installment shall be paid or payable during the continuance of such force majeure. Upon the discontinuance of the force majeure and the resumption of performance in Afghanistan by the

contractor, the fee payment schedule shall, unless Contractor and ICA otherwise agree in writing, be automatically extended for a period equal to the period of non-performance, and the remaining installments of the fixed fee shall be paid in accordance with the schedule so extended.

(e) Tours of Duty Extended by Force Majeure. In the event a force majeure occurs which prevents any of the Contractor's employees from performing their assigned or required duties in Afghanistan continuously over a period of and for more than fifteen (15) consecutive days, their required tours of duty shall for all purposes under the Contract be automatically extended for a period equal to all such continuous force majeure time but not to exceed ninety (90) days, except in the event of termination effected by the Government or ICA or when their services or particular job classifications are not needed during such extended period. Contractor's employment agreements with its employees shall include a provision for this automatic extension of tours of duty.