

LESOTHO MILLENNIUM
DEVELOPMENT AGENCY

Cost Principles

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1. Introduction

1.0 Scope

- a. This policy document sets forth the Lesotho Millennium Development Agency's (LMDA) cost principles applicable to Activities funded by the Government of Lesotho (GoL) and carried out by LMDA.
- b. These Cost Principles provide a framework within which items of cost can be identified as allowable under GoL funded projects or projects funded by others to be carried out by LMDA. The Principles are especially intended for use in (1) preparation of budget estimates by LMDA, (2) negotiation of budgets between the LMDA and GoL, and (3) for audit purpose. The LMDA shall prepare its cost estimates consistent with its accounting procedures and the cost principles contained in this policy document.

1.1 Definitions

- a. **Lesotho Millennium Development Agency (LMDA)** is an organization created by the Government of Kingdom of Lesotho, and has replaced the Millennium Challenge Account – Lesotho Authority (MCA-Lesotho), from 15th January, 2014. MCA-Lesotho was responsible for implementation of the Millennium Challenge Corporation Compact.
- b. **Project** means the Government of Lesotho (GoL) funded Project or projects funded by other donors, to be carried out by the Lesotho Millennium Development Agency (LMDA).
- c. **Fiscal Services** means the section within LMDA to be responsible for funds control and documentation, proper and consistent accounting, financial reporting and disbursement in accordance with a defined set of fiscal standards.
- d. **Procurement Adjudication** means a section within LMDA to be responsible for overseeing compliance in accordance with a defined set of procurement standards.

1.2 Application

- a. The application of these Cost Principles is based on the fundamental premises that:
 1. LMDA is responsible for the efficient and effective administration of GoL funds and funds provided by other donors through the application of reasonable management practices.

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2. LMDA assumes responsibility for administering GOL and other donor funds in a manner consistent with the project objectives, and the terms and conditions of the Contracts.
 3. LMDA, in recognition of its own unique combination of staff, facilities and experience will be responsible for employing business processes and procedures necessary to ensure the efficient and effective administration of GoL and other donor funds.
- b. The Principles of this policy shall be applied to those costs incurred by LMDA for which funding under GOL is requested, unless GoL or other donor funding provides otherwise.
 - c. The application of alternative procedures, processes, rules, and/or regulations may be permissible, provided that such is not prohibited under the laws of Lesotho. The use of such alternative procedures, processes, rules, and/or regulations is subject to prior mutual agreement, in writing, between LMDA and the Government of Lesotho through Ministry of Finance. In the absence of such an agreement amongst the parties, the Cost Principles and procedures contained in this policy document shall prevail.
 - d. Failure to mention a particular item of cost in this policy document does not imply that the cost is either allowable or unallowable. Rather, the allowability of the cost should be based on the principles and standards set forth in Section 2.0 of this policy document.
 - e. Exceptions to the Cost Principles in this document may be approved by LMDA Board in writing on a case-by-case basis as per approval levels stated in the Fiscal Accountability Plan (FAP).

1.3 Audit of LMDA

Audit of LMDA is planned for by the Office of the Auditor General which is mandated by the Government of Lesotho to carry out the audit. It is budgeted for under LMDA. The Office of the Auditor General will define the scope of the audit in line with relevant procedures and guidelines as well as LMDA's policies and procedures. These include but are not limited to LMDA's Fiscal Accountability Plan and Procurement Guidelines.

2. POLICIES

2.1 Allowability of Costs

GoL and other donor funding may be disbursed for a cost that is determined to be allowable, pursuant to the following:

- a. A cost is allowable if it (i) is necessary for administration, implementation, monitoring and evaluation, or oversight, (ii) is not defined as “unallowable” in this policy document. An allowable cost is usually classified as a direct cost, but may include properly documented indirect costs.
- b. Any income or credits (discounts, rebates, refunds, and rental income) must be applied in determining the total allowable cost under LMDA.
- c. Costs are allowable to the extent they meet the criteria in paragraph d. below and in Section 4, Selected Items of Cost.
- d. Costs, to be allowable, must meet all of the following criteria:
 1. Be allocable (see Section 2.2);
 2. Be reasonable (see Section 2.3);
 3. Be accounted for in a manner that is consistent with the policies and procedures of the LMDA and accepted international accounting practices;
 4. Be documented; and
 5. Not listed as an unallowable cost under Section 4.

2.2 *Allocability*

To be allocable, a cost must meet one of the following criteria:

- a. Be incurred for goods, works or services related to LMDA activities, and in connection with the administration and implementation of GoL and other donor funding.
- b. Benefit the government and be applied in reasonable proportion to the benefits received if the cost benefits both the Government and other activities of LMDA; or
- c. In rare circumstances, a cost may be necessary to the overall operation of LMDA,

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although a direct relationship to any particular cost element cannot be shown. In such cases, there must be evidence of at least an indirect benefit to the Project.

2.3 Reasonableness

The reasonableness of a cost depends upon a variety of considerations and circumstances, and determining reasonableness requires the application of sound administrative and professional judgment.

- a. In determining the reasonableness of a given cost, consideration should be given to whether:
 1. The cost is of a type or amount generally recognized as ordinary and necessary expense for the conduct of the LMDA's business and the performance of the funding;
 2. There are constraints or requirements imposed by such factors as generally accepted sound business and labour practices, arm's length bargaining, governmental laws and regulations, and the terms of the funding.
 3. The cost incurred is one that prudent individual would incur in the circumstances, considering their responsibilities to their government and the public-at-large; and
 4. The cost is consistent with the established policies, practices, and/or laws of Government of Lesotho, not provided for or unjustified by GoL funding which may cause a significant increase in costs.

2.4 Accounts and Records

LMDA must maintain accounts and records adequate to demonstrate the allowability and allocability, including the nature, amount, timing, relevance and derivation of costs charged to the Project. LMDA's accounting system must be accurate and permit an appropriate and equitable allocation of costs for which funding is available.

The recording, allocation and reporting of costs related to LMDA activities should be based on a methodology that is:

- a. Able to be applied consistently

- b. Able to apply costs proportionally
- c. Able to Identify and segregate sources of funds (GoL and other donors)
- d. Able to match costs to the appropriate source of funds, and
- e. Able to provide an audit trail

2.5 *Limitations and Understanding of Cost Principles*

- a. Regardless of the allowability, allocability and reasonableness of costs, neither may funding be committed nor expense incurred in excess of the funding available. And stated in the Multi Year Financial Plan. LMDA must ensure that its expenses do not exceed the funding obliged for its activities in furtherance of the Compact.

3. COST ANALYSIS

Cost analysis is an essential decision support tool, particularly useful in negotiating or re-scoping the funding. It provides the Ministry of Finance with a means of evaluating the Government's estimate regarding the costs related to the LMDA's function. Cost analysis provides Ministry of Finance and the Government with information to ensure that proposed costs are adequate, reasonable, valid and properly documented. The general technique of cost analysis is outlined below.

3.1 The Estimate

In preparing the pre-award documentation for the funding, in the case of re-scoping, the Ministry of Finance will work with LMDA to prepare a reasonable estimate of the costs that will be incurred in managing the GoL funding, including the operating costs of Fiscal and Procurement Agent. This estimate should be systematically developed, using a number of inputs, such as, but not limited to: historical and/or statistical data analysis, published indices, prior experience and any other information that will produce a reasonable estimate.

3.2 Cost Negotiations

Where applicable and required the cost will be negotiated with intent to achieve allocable and reasonable cost.

4. SELECTED ITEMS OF COST

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This Section sets forth selected costs which are representative of the costs typically encountered by LMDA. However, not every element of cost and every situation that might arise in a particular case is covered. Failure to identify any in this section does not mean that the cost is either allowable or unallowable. Whether or not a particular cost is specifically addressed in this document the determination of its allowability, allocability and reasonableness must be based on the principles and standards set forth in Section 2.0 of this policy document.

4.1 Allowability of Specific Costs

The following principles provide more specific guidance on certain costs. Unallowable costs are unallowable as either direct or indirect costs under GoL funding. All allowable costs must be directly associated with the administration of and implementation of GoL funding.

a. Advertising and Public Relations and Outreach

Advertising

Advertising costs are the costs of advertising in magazines, newspapers, radio and television, exhibits, electronic communications, and other media, but do not include earned media (also known as free press). Advertising costs relating to the Project are allowable at a cost that is usual and customary for the locality, so long as the advertisements are clearly labelled as advertisements, and the costs are associated with an overall communication strategy approved by the Government. Examples of allowable advertising costs include, but are not limited to, those incurred for:

- (a) the recruitment of personnel required for the performance by the LMDA of obligations under the Project,
- (b) the procurement of goods, works or services for performance of the Project;
- (c) the disposal of surplus materials acquired in the performance of the Project,
or
- (d) specific requirements of the Project. The costs of advertising for any purpose not related to the Project are not allowable.

Public Relations and Outreach

Public Relations and Outreach means those activities dedicated to promoting or maintaining understanding and favourable relations with the community or public at large or any segment of the public, as well as maintaining a positive image of the Project. It is limited to communication activities to keep the public informed on matters relating to GoL funding.

Examples:

- The cost of communicating with the public or and press about specific activities or accomplishments which result from performance of LMDA are allowable.
- The costs of logistical arrangements such as rental of tents or facilities for the public outreach event allowable.

The costs of items for distribution at public outreach events that promote LMDA or Government (e.g., light refreshments, pens, hats and t-shirts marked with LMDA'S logo) are allowable when they are:

- i. Of no material monetary or commercial resale value;
- ii. Directly related to communicating the purposes, successes or outcomes of GoL fund; and
- iii. Associated with an overall communications strategy that has been approved by the Ministry of Finance.

Media and Free Press

1. Compensation to members of the press through any type of payment or bonus for services, extensive per-diem, honorariums, lodging, or the cost of airfare is strictly prohibited. However, the cost of conducting general liaison with news media to the extent that such activities are limited to communicating to keep the public informed on matters relating to LMDA are allowable. For example, fuel costs for busing a group of reporters to an LMDA project site is allowable when reporters are otherwise unable to get to the project location, and reasonable funding for meals or refreshments when directly related to such events is allowable.

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Such general liaison must not be discriminatory, but open to all media and press personnel, except for cases (to be determined by LMDA) where an exclusive coverage arrangement is warranted and followed-up by general press availability in the medium-term. All media and free press costs must be associated with an overall communication strategy.

b. Audits

The costs of audits required by, and performed in accordance with, GoL funds requirements are allowable. The costs of any other audits required or approved by the Government are allowable. For purposes of this subsection (b), "audit" includes (but is not limited to) financial audits, technical audits, program evaluations, performance audits, compliance audits, data quality reviews, and environmental audits.

a. Bad Debts

1. Debts owed to LMDA:

- i. Collection costs (including legal costs) incurred by the LMDA to collect amounts owed to it or the Government Ministry related to Programs funded under LMDA are allowable.
- ii. Any debt resulting from borrower default under credit programs (including on-lending facilities and guarantee facilities) funded under LMDA is not governed by these Cost Principles.

2. Debts owed by LMDA:

The allowability of the LMDA's debts which arise from its normal course of business is subject to the underlying agreement or legal obligation of each debt.

b. Bonding

Bonding costs arise when LMDA requires assurance against financial loss to itself or others by reason of the act or default of an employee or consultant, such as fidelity bonds. Costs of bonding required pursuant to the terms of the funding, or as otherwise approved by MCC, are allowable.

4.2 *Communication Costs*

Costs incurred for telephone services (mobile and land lines), local and long distance telephone calls, internet connections, telegrams, courier service, postage and the like, are allowable.

1. *Employee Compensation*

- i. Employee compensation is all compensation paid by LMDA for employee services (including the services of temporary employees). Compensation includes, but is not limited to, salaries, benefits (such as housing, medical aid, telephone, workmen's compensation and severance pay), holidays and leave, transportation or food allowances (in cash or in kind), performance based awards, and retention incentives. This subsection 5.3.1(f)(2) applies to employee compensation regardless of the source of funding.

Compensation for staff positions within LMDA must be supported by a formal position grading or another methodology approved in writing by LMDA board. LMDA must request and receive a written waiver from Ministry of Finance for proposed salaries that exceed the salary survey or other salary-setting methodology approved by the LMDA Board.

- ii. Performance based award (referred to as Performance Management System - PMS) payments to current, full time employees of LMDA and its Implementation Units. Eligible employees thereof must have been employed for a minimum of six months at the time of the award. Awards must be based on measurable performance goals and documented supervisor appraisals of the employee's performance and are made under an established, written and approved organizational Performance Management System.
- iii. Special payments made to employees, such as bonuses, severance payouts, retention payments, etc. are allowable only with the prior written approval of the CEO and the board where necessary.
- iv. Employee compensation may include overtime as specified in the Labour Code. In no case will overtime be available employees at managerial levels.
- v. In all cases, salary payments for temporary staff must be supported by timesheets signed by the employee and his/her supervisor. Timesheets must provide an accurate recording of an employee's time and attendance.

4.3 Conferences, Meetings and Ceremonial Events

1. Conferences

i. Hosting - Costs associated with conferences held to facilitate implementation of the Project are allowable. Allowable costs include the cost of meals, transportation, facility rental, speakers' fees (except for persons speaking in their official capacity on behalf of the Government or the LMDA) and other items incidental to such conferences.

ii. Attending – Costs associated with conferences that are primarily for direct program stakeholders who are not employees of LMDA are allowable. Costs of attendance at professional meetings or conferences on a topic related to the Contract/Project are also allowable.

Allowable costs include the cost meals, transportation, facility rental, speakers' fees (except for persons speaking in their official capacity on behalf of the Government or the LMDA) and other items incidental to such conferences.

A. Costs for attending conferences are allowable with prior written approval of

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the CEO, with the number of attendees clearly stated.

- B. The conference must be directly related to the furtherance of LMDA activities and must be attended by the relevant staff members.
- C. Participant Support Costs – Participants support costs are direct costs for items such as stipends, subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainers in connection with meetings, conferences, symposia or training projects.

2. Meetings

Cost of holding official, LMDA related meetings are allowable. Reasonable breakfast, lunch or dinner expenses to establish or maintain relationships of value for furtherance of LMDA activities are allowable only when hosted by authorized senior staff member. The number of meetings and participants should be reasonable and cost-effective and aligned with the business objective. This standard requires that records be maintained which include the names, titles and affiliations of all participants, and the specific purpose of each meeting.

3. Official and Ceremonial Events

The costs for official and ceremonial events are allowable when hosted by CEO and are meant to foster relationship or promote the accomplishment of LMDA's mission to external entities. Examples of official or ceremonial events include hosting rare visits of noted personages or ground-breaking ceremonies for a new project. Costs of thematic events such as commemorating International Women's Day to highlight what LMDA did to promote gender equality is also allowable. The costs for serving light refreshments and inviting stakeholders, beneficiaries and donor community is allowed.

Costs of amusement, diversion, social activities and related incidental costs for an official or ceremonial event (e.g. meals, lodging, rentals, transportation and gratuities) are not allowable.

i. Contributions and Donations

Contributions and donations to outside organizations are unallowable, unless explicitly authorized by LMDA CEO.

j. Dispute Resolution Proceedings

Dispute Resolution Proceedings (DRP) are those proceedings related to bringing or defending an arbitral, judicial, administrative or other legal proceedings that results in a binding judgement. DRP costs typically include administrative and clerical fees, travel expenses to the site of proceedings and costs of legal representation and other experts hired to assist with proceedings. Except as provided below, DRP Costs are generally allowable if the costs are reasonable, payment of the costs is not restricted by any provision of MCA-Lesotho Act 2008 as amended, and in the case of arbitration costs, the applicable contract includes a provision for the payment of such costs (or if the parties otherwise agree to binding and final dispute resolution proceedings). Awards, fines and penalties resulting from a DRP are subject to subsections below.

DRP costs are not allowable:

4. In criminal matters, if a binding judgement (including a conviction entered upon a plea) is entered against LMDA:
 - i. for failure to comply with a law or regulation
 - ii. for fraud or similar misconduct; or
 - iii. imposing monetary damages or penalties on LMDA.
5. In civil or administrative matters (including arbitration), if a binding judgment (including resolution by consent or settlement) is entered against LMDA:
 - i. for failure to comply with a law or regulation (including when the failure triggers a cross-default clause in a commercial agreement) ;
 - ii. for fraud or similar misconduct; or
 - iii. imposing monetary damages or penalties on LMDA

DRP costs made unallowable by this subsection may be allowed if LMDA determines that the costs were incurred as a result of a specific term or condition of LMDA funding or specific written direction of an authorized official of LMDA.

4.4 Fines and Penalties

1. Cost of fines and penalties resulting from violations of, or failure by LMDA to comply with applicable laws and regulations are allowable subject to substantiation/justification of the incurred

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cost.

2. Penalties for late payments owed to contractors providing goods, works or services under LMDA are allowable if the contract with such contractor includes a provision for such late payment penalties. However, repeated late payments or payments, fines or penalties resulting from gross mismanagement as determined by LMDA), are not allowable.

3. Penalties arising from a Liquidated Damage, as specified in contract, will be handled on a case-by-case basis with LMDA.

4.5 *Indirect Costs*

1. Indirect costs, also referred to as overhead and/or general and administrative expenses, are those that have been incurred for common or joint project objectives. After direct costs have been determined and assigned directly to specific work, indirect costs are those remaining to be allocated to benefiting work. They are gathered into one or more cost pools, after which they are allocated and re-allocated, as appropriate, until they are ultimately charged to specific Contracts/Projects or other work of the LMDA, usually on a percentage basis. A cost may not be allocated as an indirect cost if that same cost has been assigned as a direct cost. Typical example of indirect costs for many organizations may include use of allowances on building and equipment, the costs of operating and maintaining facilities, and general and administrative expenses, such as the salaries and expenses of executive officers, personnel administration and accounting.
2. All costs of LMDA should be charged as direct costs, rather than using both direct and indirect costs. Indirect costs are allowable based on substantiation and justification.

4.6 *Insurance and Indemnification*

- a. Insurance includes insurance cover which LMDA is required to provide, or which is approved, under the terms of the Project and any other insurance which LMDA maintains in connection with the general conduct of its operations. Such costs are allowable as agreed by LMDA and its Board of Directors.
- b. Any provisions for a reserve covering the risk of loss or damage to property belonging to the LMDA are only allowable to the extent that the

LMDA is liable for such loss or damage.

Indemnification includes securing LMDA and its staff, against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. The Government of Lesotho is obligated to indemnify LMDA and individuals only to the extent expressly provided in the relevant policies of the Project. Otherwise, Project funds may not be used for purposes of indemnification.

4.7 Interest, Loans and Bonds

1. Interest payable on borrowing and bond discounts are allowable.
2. Principal and/or interest repaid to LMDA for a Project-related on-lending program will be credited to GoL or designated for specific purposes at the end of the Project term (or such other time as may be agreed) in accordance with the arrangements established between LMDA and GoL.

4.8 Lobbying Costs

- c. Costs associated with the following activities with respect to the Government of Lesotho and any political subdivisions thereof are unallowable:
 - i. Attempts to influence the outcomes of any election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activities;
 - ii. Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;
 - iii. Any attempt to influence (i) the introduction of legislation, or (ii) the enactment or modification of any pending legislation through communication with any member or employee of a legislature (including efforts to influence officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation;
 - iv. Any attempt to influence (i) the introduction of legislation, or (ii) the

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enactment or modification of any pending legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign;

- v. Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analysing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable activities; or
- vi. Attempts to improperly influence, either directly or indirectly, an employee or officer of the Government of Lesotho or LMDA to give consideration to or act regarding a regulatory or contract matter.

2. However, the costs of the following activities are allowable:

- i. Providing a technical and factual presentation of information on a topic directly related to a Project through hearing testimony, statements or letters to a legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a request for testimony or statements for the record at a regularly scheduled hearing) made by a legislative body or subdivision, or a member or cognizant staff member thereof; provided such information is readily obtainable and can be readily put in deliverable form; and further provided that costs under this section for transportation, lodging or meals are unallowable, unless the cost incurred can be justified and approved.

4.9 *Materials, Equipment and Supplies*

Costs incurred for materials, equipment and supplies necessary to carry out the

Project are allowable. The reasonable cost of such items shall be established in accordance with the procurement procedures and process established in the Procurement Guidelines. Non-expendable equipment shall be disposed of at the end of the Project term (or such other time as may be agreed) in accordance with the asset disposal policy.

4.10 Office Space

The reasonable costs of leasing or purchasing office space are allowable. In deciding whether to lease or buy, LMDA shall conduct and document a cost- benefit analysis supporting the decision.

4.11 Organization Costs

Expenditures in connection with planning or executing the organization or reorgani- zation in the structure of LMDA are allowable to the extent that they are necessary and appropriate to such purposes. Such expenditures include, but are not limited to, incorporation fees, licenses and cost of attorneys, accountants, and/or management consultants.

4.12 Personal Use of Assets Acquired with Project Funds

Assets acquired with Project funds shall only be used in furtherance of Project objectives and shall not be used for the personal benefit (other than incidental use) of an employee or consultant unless approved by the CEO. Such assets would include, but not be limited to:

- Vehicles
- Communications devises (cell phones, pagers)
- Computers
- Copiers and fax machines, etc.

4.13 Professional Service Costs

Costs of professional and consultant services (such as lawyers, accountants, etc.) rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the LMDA, are allowable if such services are obtained in accordance with the procurement procedures and process established in the Procurement Guidelines or the FAP in the case of small purchases.

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4.14 Public Relations Costs

Public relations means those activities dedicated to maintaining or promoting understanding and favourable relations with the community or public at large or any segment of the public as well as maintaining a positive image of LMDA. Allowable public relations costs include: (a) the costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Project, (b) the costs of conducting general liaison with news media to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters relating to the Project, and (c) costs specifically required by the Project. Reasonable costs for ceremonial events are allowable costs only for the LMDA. Costs of any public relations activities not related to the Project are not allowable.

4.15 Publication and Printing

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

4.16 Recruiting Costs

The following recruiting costs are allowable: cost of advertising, travel costs including food and lodging of employees while engaged in recruiting personnel, travel costs of applicants invited to interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees. Where LMDA uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

4.17 Taxes

The discussion of taxes below is LMDA's general policy. The provisions of a specific Contract/Project may differ from these cost principles. In such a case, the provisions of the Contract/ Project control.

1. In general, payments by the LMDA for taxes on goods, works and

services funded with GoL funds shall be allowable.

2. Taxes which LMDA is required to pay, and which are paid or accrued in accordance with generally accepted accounting principles, and payments made to the Governments in lieu of taxes which are commensurate with the local government services received are allowable.

- a. Technical Evaluation Panels

A technical evaluation panel is often used to evaluate expressions of interest or proposals submitted by prospective vendors. Compensation to LMDA employee or of Implementing Entity for service as a member of a technical evaluation panel is not allowable. Reasonable compensation to other individuals who are not employees of the Accountable Entity or of LMDA for service as a member of a technical evaluation panel is allowable.

The Accountable Entity may provide members of a technical evaluation panel a maximum of two working meal per day. A working meal is only allowable if participants are engaged in activities during the normal meal time (as stated on an agenda) and in which no other opportunity for a meal is provided.

If the technical evaluation is held in an off-site location, participants may be reimbursed for their transportation and/or per diem expenses directly related to their participation as panel members. Other individuals (non-Accountable Entity or LMDA employees), if not otherwise compensated for their services, may receive reasonable meals expenditures.

- b. Training

The costs of training in furtherance of the LMDA activities are allowable.

2. Travel costs are the expenses for transportation, lodging, subsistence and related items incurred by the employees of LMDA who travel for office related purposes to the various Project sites. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and results in charges not exceeding those which would be paid in accordance with LMDA's Travel and Subsistence Allowance Policy.
3. Lodging and subsistence costs (including meals and incidental expenses) shall be allowable to the extent they conform with uniform written standards and procedures approved by LMDA

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Board.

4.18 Training

The costs of training in furtherance of the Project purposes are allowable.

4.19 Travel and Transportation Costs

1. Travel costs are the expenses for transportation, lodging, subsistence and related items incurred by the LMDA who travel for office related purposes to the various Project sites. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and results in charges not exceeding those which would be paid in accordance with LMDA's Travel and Subsistence Allowance Policy.
2. Lodging and subsistence costs (including meals and incidental expenses) shall be allowable to the extent they conform with uniform written standards and procedures approved by LMDA Board.