



USAID
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UNIDOS DE AMÉRICA

**Diálogo para la
Inversión Social
en Guatemala**

USAID/Dialogue for Social Investment in Guatemala

Grants Manual and Simplified FOG Format

Draft submitted by AED

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INTRODUCTION

Purpose of the Manual

This Manual describes the procedures that shall govern the solicitation, award and management of the grants to be disbursed under the USAID Dialogue for Social Investment in Guatemala (Diálogo) Project.

This manual is intended for use by the following groups:

- USAID/Guatemala, which will have ultimate authority for approving this manual and all procedures contained herein.
- Diálogo grantees to help them understand the procedures, criteria and other requirements for applying as well as their responsibilities in the implementation of their grants.
- Diálogo grant management team to assist them in implementing the grant program and understanding their role in this process.

Purpose of Diálogo Project

The objective of the Diálogo Project is to provide the technical assistance and training needed to (1) lead policy dialogue for increased and improved social sector investments national and local levels, (2) strengthen the capacity of key governmental institutions to improve administrative, financial and information management leading to more effective, efficient and accountable systems and improved quality of health and education services, and (3) fortify and expand the National Integrated Information Platform to ensure availability and utilization of data for decision making.

Purpose of Diálogo grants program

The Diálogo Project grants program has two goals: a) to strengthen research capacity in Guatemala and support the implementation of the Project's research agenda, and b) to foster the use of the government Platform for Integrated Social Information (PISI) and the development of applications and solutions for democracy, accountability and decision making based on information and information technologies. Grants will be made to local Guatemalan partner organizations and to international research and/or development partnerships, but with a particular focus on and preference for strengthening the capacity of local organizations. This program will support collaborative work between local partners and faculty and students and professionals in U.S. Universities and institutions interested in conducting quantitative research using databases and data from the PISI, improving the structure and operations of the PISI, and/or developing specific information applications based on the PISI or on other Information and Communication Technologies (ICTs).

Grants will be awarded based on several factors, including alignment with the Project’s research agenda, consistency with Guatemalan national health or education policies, partnerships between international and local researchers and institutions, and effective use of the PISI data, as well as reasonableness and allowability of financial proposals.

AED will review each applicant budget to determine cost reasonableness and allowability. Reasonableness will be determined against historical data and supporting documentation, and allowability will be determined per the grant regulations. The total budget for grants over the life of the project is \$800,000, the maximum ceiling for grants for this contract established by USAID/Guatemala.

Grant management is carried out through 10 general steps. An overview of each step is presented in the chart below and is described in more detail in the following pages. In many cases the steps represent concurrent activities (see the attached chart).

1. Draw the big picture	The first step in an effective grant program is to develop a clear idea of the grant program’s purpose and structure. This guidebook begins by providing a list of questions that can be answered in a staff meeting and/or in an informal design paper to help determine the fundamentals of the grant program, including how it will fit into the monitoring and evaluation (M&E) plan and how its design will generate cumulative results.
2. Prepare the request for proposals (RFA).	This section guides the process of identifying and preparing the appropriate document and obtaining the necessary approvals for the RFA. This phase also includes development of eligibility and grant review evaluation criteria.
3. Create a grant application package/manual for grantees	This section addresses the instructions to applicants and to grantees once they have been awarded funds, to be included in the application package before releasing the call for proposals.
4. Release the request for proposals and hold bidders conference	This section explains how and where to release the call for proposals, depending on the mechanism chosen. It also guides the process of holding a bidders’ conference.
5. Receive and assess proposals	This section explains the steps, including initial screening, assistance to applicants in final proposal development, and the final evaluation process. It also describes procedures for proper review of applications and ensuring there is no conflict of interest.
6. Award grants and obligate funds	When final applications are received they must be reviewed; then recommendations for grantees need to be submitted to USAID for formal approval. This section explains the award process and the obligation of funds, including how to notify grantees and how to hold a grantee workshop.
7. Programmatic administration, monitoring, and evaluation of grants	After grants have been awarded, they will be supported and tracked by technical and finance staff. This section explains how to do this and what kind of internal systems are needed.

8. Promote grant program and grantee networking	This section provides examples on how to promote grant projects and bring grantees together.
9. Disbursement of funds and financial monitoring	This section explains financial disbursements and financial reporting, and the role of technical and financial staff in these functions.
10. Close out	All grants end with a formal close-out procedure, described in this section.

This chart shows an illustrative 15-week period covering stages from the pre-grant preparation to the grant close out. The tasks and weeks indicated are relative, but the Diálogo team will complete the request for proposals, the application package, and the internal management tools prior to the release of the RFA.

	Pre-grant preparation															Award date	Grant period (however long)	Post-grant
WEEKS BEFORE AWARD DATE	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1			
1. Draw the big picture	█	█	█															
2. Prepare the request for proposals				█	█	█	█											
3. Create a grant application package/manual for grantees				█	█	█	█											
4. Release the call for proposals and hold bidders' conference							█	█										
5. Receive and assess applications									█	█	█	█						
6. Request USAID approval for any grants over \$100,000.													█	█	█			
7. Award grants and obligate funds																█		
8. Programmatic administration, monitoring, and evaluation of grants																█	█	
9. Promote grant program and grantee networking																█	█	█
10. Disbursement of funds and financial monitoring																█	█	
11. Close out																		█

TIMING

It is useful to remember that the following approvals will be needed:

- RFA will need AED/Washington Contracts and USAID approval
- Grant application materials will need AED/Washington review and USAID approval
- Grant Agreement template will need AED/Washington Contracts and USAID approval
- Recommended grantees will need approval from USAID.
- Final Grant Agreements will need AED/Washington Contracts and USAID approval; grants awarded over the life of the Project may not exceed \$800,000 in total.

HOME OFFICE ASSISTANCE

AED/Washington home office staff is available for technical assistance at any stage of the grant program design, implementation and close out process. Communication and coordination between field office and the home office are key to allow efficient grant program implementation and reduce delays in the approval and assistance processes.

Section 1: Draw the Big Picture

Write an informal Grant Program Design paper and/or hold a staff meeting to answer the following questions.

1. What is the overall goal of the grant program? What are the intended results of the grant program?
2. What are the specific objectives of the grant program?
3. What are the anticipated outputs of the program and of the individual grants? (*Create a results framework*).
4. What will ensure a cumulative impact of grant results? Design a grant program that includes a multiplier effect (impact on organization, audience served, population at large, and geographic area...), and that includes a networking strategy for grantees.
5. How does the grant component fit in with, support, or complement the overall contract/cooperative agreement?
6. What are the number, size and duration of the grants (approximately)?
7. What are you expecting the organizations to use grant money for, i.e., what kinds of activities will the grants support? Give a general description and illustrative examples.
8. Describe the target grantee organizations (big/small, new/old, public/private/NGO, woman-owned, already work with USAID/unknown to USAID, work locally only, provide health services, etc.)?
9. What are the eligibility criteria (as opposed to the evaluation criteria)?
10. Decide on grant type(s): Standard, Simplified or Fixed Obligation Grant (FOG)
11. How will you reach the organizations with the RFA? Will the RFA be publicized to an open or a closed universe? Think about the level of competition expected in the choice of public notice instrument.
12. Will you use a 1-phase or a 2-phase selection process?
13. How will selections be made? On what evaluation criteria? Who will do the selecting?
14. Will there be a bidders' conference or a Q&A session?
15. When will USAID obligate grant funds?

16. Grant cycle: What is the schedule for issuing the RFA, reviewing applications, awarding grants? How many rounds will you have?
17. After the award of grants, how will the grant program be publicized:
- ✓ Through the organization of grant endorsement ceremonies?
 - ✓ Through the publication of success stories?
 - ✓ Through the use of media by the grantees?
 - ✓ Other?
18. Monitoring and Evaluation: how will the grantees be monitored and their programs evaluated?
19. Grants close-out: think about close-out issues.

Regulations governing the Diálogo grants program

1. USAID Automated Directives System (ADS) Chapter 303 – Grants and Cooperative Agreements to Non-Governmental Organizations, found at <http://www.usaid.gov/policy/ads/300/303.pdf>
2. Mandatory Standard Provisions for US Nongovernmental Recipients and the Required as Applicable Standard Provisions, found at <http://www.usaid.gov/pubs/ads/300/303maa.pdf>
3. Mandatory Standard Provisions for Non-US Nongovernmental Recipients and the Required as Applicable Standard Provisions, found at <http://www.usaid.gov/pubs/ads/300/303mab.pdf>
4. 22 CFR 226
5. 22 CFR 228
6. Relevant OMB circulars (e.g. OMB A-133 TO AUDIT Institutions of Higher Education and Other Nonprofit Organizations; OMB circular A-122 Cost Principles for Non Profit Organizations; OMB Circular A-110 Uniform Administrative Requirements for Grants and Agreements with Institutes of Higher Education, Hospitals and Other Non Profit Organizations; OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments; OMB Circular A-21 Cost Principles for Educational Institutions.)

Types of grants

The Standard Grant format for assistance agreements with non-US organizations is the "default" grant category, and **the Diálogo Project proposes to use Standard Grants**, particularly given the anticipated need to provide advances to recipients, instead of requesting recipients to front costs and then be reimbursed or paid for milestones. However, AED will complete pre-award responsibility determinations in accordance with ADS 303.3.9 to ensure that each proposed grantee has the capacity to receive, monitor, and reconcile advances before issuing a standard grant.

CHECKLIST

- A grant program timeline showing the 11 grant-process steps as well as AED/Washington home office and USAID estimated approval time has been drafted

- All 19 questions have been considered
- Type of grant (Standard, Simplified, or FOG) is decided and will be specified in the RFA
- A request for USAID prior approval has been drafted in case the grant type requires any deviation

Section 2: Prepare the Request for Proposals

Diálogo staff will prepare a Request for Applications (RFA) to solicit applications for its grants programs. The RFA introduces the grants program to prospective grantees, who then will request application forms to apply for the program. The RFA will be prepared in conjunction with the grant application form, evaluation criteria and score cards, the manual for grantees, and the internal management tools that will allow the tracking and monitoring of grant applications.

Competition Issues

Any local non-governmental organization (NGO) or international NGO working in Guatemala that meets the eligibility requirements is entitled to apply in response to the RFA. Given the specific purpose and goals of Diálogo's grant program, the competition will also be open to research and consulting organizations (as long as profit is waived in the case of a for-profit organization) and universities that meet the eligibility criteria.

Contents of the RFA

The RFA will contain the following information:

- Specific AED project name and program requirements
- Overall program objectives, including areas of special interest, specific results a/o milestones, indicators, etc.
- A general description of the grant program with an indication of the range of activities that might be involved, as well as any established goals which the applicant should be able to demonstrate the ability to affect
- Minimum eligibility requirements
- Information on how applications will be evaluated, including a complete list of evaluation criteria ranked and weighted by relative importance
- Estimate of funds available, if appropriate, and the number of awards anticipated
- Types of activities and costs that will NOT be funded
- How the award will be administered. For US organizations, state that 22 CFR 226, 22 CFR 228, OMB Circulars and the USAID Standard Provisions will be applicable (<http://www.usaid.gov/policy/ads/300/303maa.doc>); for non-US organizations, state that the Standard Provisions will apply (<http://www.usaid.gov/policy/ads/300/303mab.doc>).
- Expected period of performance
- The required format for the application which will include the standard provisions that will govern the resulting award
- Note stating that budgets must be prepared and submitted in local currency only, not in USD
- Information on the required supporting documentation to ensure organizational capacity
- Deadline for submission of application, application format, and consequences of late submission
- Information on the point of contact, including name, title, address, e-mail address, and phone number
- Information on how interested parties may obtain application materials

- Information regarding the types of certifications the grantees will be required to sign in order to receive a grant, and a brief description of the required certifications
- Direction provided regarding how indirect costs and VAT will be addresses, or if allowed
- Statement to the effect that AED and USAID reserve the right to fund any or none of the applications submitted
- Statement indicating that information marked as proprietary and all other procurement-sensitive information provided by applicants will be kept secure.”

Eligibility and Evaluation Criteria Score Cards

Eligibility requirements will be included in the RFA. The Diálogo Project will use a 2-phase process, so will develop two sets of evaluation criteria, one set for the initial application phase, including an application form, a concept paper and preliminary budget (Phase 1); and a second set for the final proposal phase, including the technical proposal, detailed budget and budget notes (Phase 2).

- The team will create an eligibility checklist or score card to use during the initial application screening (Phase 1) to make sure that applicants are eligible to compete for the grant. Score cards will be kept on file once completed.
- Diálogo staff will also create a checklist or score card of the evaluation criteria used to evaluate concept papers and budget (Phase 1). Score cards will be kept on file once completed.
- The team will develop a checklist or score card of the evaluation criteria used to evaluate final proposals and budgets (Phase 2). Score cards will be kept on file once completed.

CHECKLIST

- Degree of competition has been decided (closed universe versus open universe)
- Eligibility criteria have been set
- RFA has been drafted and includes all required information
- AED/Washington home office project team has reviewed the RFA draft
- AED/Washington Contracts has reviewed the RFA
- AED has requested and received USAID technical concurrence on RFA.”
- Evaluation criteria (Phase 1 and 2) have been set
- Eligibility and evaluation criteria checklist or score cards have been created

Section 3: Create a Grant Application Package, Manual for Grantees, and the Grant Agreement

Grant application materials will be developed in conjunction with the RFA. A separate manual for grants may be developed as determined to be necessary and provided to grants recipients before grants are awarded. The purpose of the manual would be to clarify AED's expectations for sound grant management.

Phase 1
Applicants submit an application form with a concept paper and a preliminary budget and budget narrative
As applications come in, Review Committee does a preliminary screening so that applicants who do not meet basic eligibility criteria are immediately eliminated. The Review Committee will include at least 6 members and will include representatives from the Diálogo Project, USAID, and government counterparts (such as staff of the Ministry of Health, Ministry of Education, and/or SEGEPLAN).
Letters go out to organizations that are not eligible to compete in the grant process
Eligible applications are then reviewed in detail by the review committee, using the predetermined evaluation criteria for Phase 1
Letters go out informing eligible applicants of decisions—whether or not they have been selected to move on to Phase 2 of the competition
Phase 2
Diálogo staff sends the management questionnaire to those qualified for Phase 2 along with the certifications to be signed by the prospective grantee and returned to AED
Project staff provide technical assistance to the finalists to help them develop final technical and financial proposals
Applicants submit a final technical proposal, a detailed budget, and budget narrative
Finance staff reviews the management questionnaire and determine if applicants have sufficient internal controls, accounting and management systems. A site visit may be conducted if necessary. Finance staff review detailed budget
Final technical proposals are evaluated by the review committee or the internal grants team based on predetermined evaluation criteria for Phase 2
The review committee makes recommendations about which organizations should receive grants
Project staff makes final selection and submits a request for grant approval to USAID
Upon receipt of approval from USAID, Diálogo team notifies the applicants that they have been approved
AED prepares Grant Agreement and formally awards grant

Contents of Application Packages and Manuals for Grantees

In a two-phase program such as that proposed for Diálogo, the project staff develops two sets of materials as described below. The Phase 1 application package must be finalized and ready to be sent out upon release of the RFA.

PHASE 1 - INITIAL APPLICATION PACKAGE
<i>The application package is what is posted on a website or sent to organizations who request an application after they have seen the RFA or an announcement of the grant program. This is for the first round of applications when an Application Form, Concept Paper and Initial Budget are required.</i>
RFA (See Section 2, Contents of the RFA)
Application Form (which should include a grant summary section for grant monitoring purposes)
Concept paper instructions
Initial budget and budget narrative instructions
Evaluation criteria for concept paper and initial budget (Phase 1)
Payment explanation (explain milestones, reimbursement or other disbursement mechanism)
Grant reporting and monitoring system explanation
Grant Agreement template
PHASE 2 – FINAL PROPOSAL PACKAGE
<i>This package will go out to the finalists who have passed Phase 1. These applicants may receive assistance in polishing their final proposals. At this stage, completed and signed Management Questionnaire, Certifications, Final Technical Proposal, Detailed Budget and Budget Narrative are required.</i>
Management Questionnaire
Certifications
Final technical proposal instructions
Financial Plan: detailed budget and budget narrative instructions
Grant Summary template
Project Activity Schedule (timeline of activities) template
Instructions on how to monitor grant results, activities and overall performance

MANUAL FOR GRANTEES
<i>The manual serves as the instructions that organizations receive. It is delivered with the Grant Agreement.</i>
Final Grant Agreement
Project reporting template
Financial reporting template
Request for payment template
Milestone/product and AED publications/media information submission template
Inventory management and reporting template
Foreign tax reporting template
For Standard and Simplified Grants only: Detailed instructions on how to monitor grant results, activities and overall performance. Grantees will have to develop their Project Monitoring and Evaluation Plan, which includes the following documents: <ul style="list-style-type: none"> - Results Monitoring Plan - Results Reporting Worksheet

Grant Agreement Templates

Grant Agreements generally contain the following:

Standard Grant
Grant summary
Award (cover) Letter
Attachments:
Schedule
Program description including results and indicators
Detailed budget
Project reporting template
Financial reporting template
AED publications/media information submission template
Inventory Management and Reporting Table
Request for payment forms and instructions
Standard provisions: A. Mandatory Standard Provisions for Non-US Non-Governmental Grantees B. Required as Applicable Standard Provisions for Non-US Non-Governmental Grantees 22 CFR 226.24
Statement on Anti-trafficking
Statement on Debarment and Drug-free Workplace
Copies of Grantee's Signed Certifications
Publication and Media Requirements
Travel regulations
Foreign tax reporting template

CERTIFICATIONS FOR NON-US RECIPIENTS

Standard Grant Certifications:
1. Implementation of E.O. 13224 – Certification Regarding Terrorist Financing (All must sign regardless of award amount)
2. Certificate Regarding Lobbying (on awards OVER \$100,000)
3. Key Individual Certification – Narcotics Offenses and Drug Trafficking (Only for recipients in <u>COVERED</u> Countries as detailed in ADS 206)
4. Non-US Recipient Certificate Of Compliance (Obtain if possible, not a Federal Requirement)

Publication and Media Acknowledgement

Acknowledgement of AED's and USAID's support is required by the Mandatory Standard Provision 12 for Non-US, Non-Governmental Recipients. Any publication prepared by a grantee with grant funds, such as a newsletter, poster, or conference brochure, requires prior written approval from the Project, and must include the following acknowledgment:

“This study/report/publication is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents are the sole responsibility of AED and do not necessarily reflect the views of USAID or the United States Government.”

CHECKLIST

- Phase 1 Application Form has been created
- Phase 1 Concept Paper instructions have been created
- Phase 1 Initial Budget and Budget Narrative instructions have been created
- Correspondence to grant applicants has been drafted
- Management Questionnaire has been created
- Certifications to be sent to grant applicants have been prepared
- Phase 2 Final Technical Proposal instructions have been created
- Phase 2 Financial Plan (Detailed Budget and Budget Narrative) instructions have been created
- Grant Summary template has been created
- Project Activity Schedule template has been created
- Grant reporting and monitoring instructions have been created
- Grant Agreement template has been created
- Project reporting template has been created
- Financial reporting template has been created
- Request for payment template has been created
- Milestone/product and AED publications/media information submission template has been created
- Inventory management and reporting template has been created
- Foreign tax reporting template has been created
- Project Monitoring and Evaluation Plan, Results Monitoring Plan and Results Reporting Worksheet have been created
- AED Contracts has reviewed application packages
- AED Contracts has reviewed the Grant Agreement template and submitted it for USAID approval

Section 4: Release the Request for Proposals and Hold a Bidders' Conference

Publicizing /Advertising the RFA

Once USAID has approved the grants manual and grants format, the Diálogo Project will issue the RFA in accordance with ADS 303 and publicize the grants program for at least 30 days.

Diálogo staff members will prepare a short announcement of the RFA for easy distribution. The announcement will include information on deadlines for applications, requirements, and criteria. It will also inform potential applicants how to receive a copy of the full RFA, as well as application materials and instructions. The RFA announcement will be distributed via local newspaper, NGO e-mail lists, and/or project or other local organizations' websites.

Bidders' Conference and Question and Answer Session

A bidders' conference will be held for the Diálogo grants program. This will serve as an opportunity to explain the grant program and process and to invite applicants to ask questions which are answered publicly during the conference. The conference will be open to all potential applicants of the grants program.

Additionally, Diálogo may hold a Q&A session via mail, email, or a website. Questions—whether they are asked during a bidders' conference or in private exchanges—will be recorded. In order to ensure that all potential applicants have access to the same information, following a set time period, all questions asked about the RFA will be posted on the website or sent out to all organizations who requested applications.

CHECKLIST

- RFA has been released
- Bidders' conference has been prepared
- Q&A session has been opened
- Answers to the Q&A session have been publicized

Section 5: Receive and Assess Applications

Tracking Applications and Awarded Grants

All applications, both accepted and rejected, will be retained on file in the project office.

Applications will need to be tracked at two stages: first, during the application process and second, once grants are awarded.

A simple **application tracking system** will be established on an excel spreadsheet. This sheet will include the date applications were received, whether the applications were eligible for review, the date they were reviewed, what correspondence was sent back to the applicant, etc.

PHASE 1

Tracking

- Project staff will use a spreadsheet to keep track of applications that have been submitted, including the organization's name, the date of submission, whether they have met the eligibility criteria, etc.

Assessing

- Project staff will use the eligibility criteria score card to screen applications. Applicants that are not eligible will be sent a letter explaining why they are not eligible and are immediately eliminated from the review process.
- Review committee members will use the Phase 1 evaluation criteria score card to decide which applications meet requirements and should advance to Phase 2.

Communicating

- All applicants meeting requirements will be sent a letter informing them that their applications were successful in advancing to Phase 2. All qualifying applicants will receive Phase 2 instructions or application materials. For applicants that do not qualify, basic information explaining why their applications did not advance to the next phase will be provided in a letter.

PHASE 2

Technical Assistance to Applicants

- Technical assistance to applicants in developing their final proposals will consist of face-to-face meetings, email exchanges, or telephone conversations during which Diálogo staff answer and ask applicants questions about their projects. In order to avoid conflict of interest or even the appearance of conflict of interest, staff will never tell applicants what to write in their proposals, but only provide information to assist the applicant in thinking about and shaping their project in a way that best meets the specific grant program criteria. TA is an important aspect of a grant program which, if provided

effectively, will assist the program in receiving better developed and more targeted proposals.

Responsibility Determination: Assessing Adequacy of Financial and Accounting Systems

- The Project will develop a **Management Questionnaire** which asks applicants about their internal financial and accounting systems to determine if the grantee can adequately manage grant funds. The project finance staff will review the management questionnaires to determine if applicants are qualified and will inform the grant team of his/her conclusions. An applicant deemed to be high risk will not be considered.
- Applicants who have submitted Phase 2 materials and have passed the financial/accounting review will be forwarded to the review committee.
- Potential recipients whose accounting and financial systems do not meet the minimum levels required to meet the accounting and financial reporting requirements will not be forwarded on to the review committee. Diálogo staff will send letters to applicants whose proposals were not forwarded to the committee for this reason, with an explanation of why their application was not selected.

Deciding on Awards

Receiving Final Proposal Materials

On or before the assigned closing date, selected applicants will submit their completed final proposals and completed management questionnaires to the Diálogo Project. The final proposal consists of two sections, the technical proposal and the financial plan.

- The technical proposal must be specific, complete and responsive to the final proposal evaluation criteria, and it must be presented in a concise manner for technical review.
- The financial plan will include a final budget and a final budget narrative. The final budget must be clear, detailed, and created according to milestones. The final budget narrative must be detailed, as well, and explain thoroughly each activity and follow each of the final budget's line items.

Submitted proposals will be reviewed by the review committee.

Review Committee

Diálogo staff will recruit the committee members and develop Terms of Reference for their involvement. Committee members should have a clear understanding of the grant program structure, goals and selection criteria. **The Committee will include at least 6 members and will include representatives from the Diálogo Project, USAID, and government counterparts (such as staff of the Ministry of Health, Ministry of Education, and/or SEGEPLAN).**

At the beginning of the grant review committee meeting, Diálogo staff will brief committee members on the grant program goals, basic rules, evaluation criteria, scoring methodology, the

importance of confidentiality, and recusals in case of conflict of interest between the Review Committee and the Applicants.

Ethical Considerations for Review Committee Members

Before receiving any proposals, potential review committee members will be asked to review and sign a code of ethics governing their participation in the review committee.

This code of ethics will include provisions certifying that:

- Review Committee members will keep confidential and secure all proposals and any proprietary financial and technical information contained within them, and will not use this information for any other purpose.
- Review Committee members are in agreement with the proposed evaluation criteria and will use solely these criteria in evaluating the proposals.
- Committee members will disclose to the committee if they have a conflict of interest, including a family or current business relationship with, a financial interest in, or an oversight or advisory role to any of the organizations submitting proposals, and will recuse themselves from evaluation of these proposals.
- Review Committee members will not solicit nor accept gifts, gratuities, favors or anything of monetary value from any potential grantee, and will report to the full committee any such overtures from potential grantees.

Summary of recommendations and comments

After the review committee or internal review of applications meeting, a summary document with recommendations and comments on each applicant's proposal will be prepared. This will add value to the grant programs by providing specific comments and recommendations to grant applicants. This summary of recommendations and comments also ensures transparency.

Discussions with Recommended Grant Recipients

The technical assistance provided to applicants in Phase 2 of the grant award process should have been comprehensive enough to allow applicants to submit a clear and complete proposal. Only in rare cases will review committees have additional questions regarding the proposals they are supposed to evaluate. Some proposals will require further clarification or explanation of different proposed activities. In such a case, Diálogo staff will request clarification from the applicant through a detailed letter or via telephone and/or email conversations. In addition, budgets may require discussion, changes, and verification.

Financial Negotiation Memorandum

For AED internal audit purposes, AED finance staff must prepare a **Financial Negotiation Memorandum** for all types of grants *before* a Grant Agreement is signed. The Financial Negotiation Memorandum documents the process by which AED negotiated the Grant

Agreement. As a part of preparing this memorandum, AED staff needs to work with each individual grantee to document information about the grantee organization: substantiate salaries and honoraria, gather 1420s, verify daily rates, ensure that honoraria are consistent with local custom, confirm rent and utilities rates, and verify costs of the grant's activities (newspaper supplements, publications, etc).

CHECKLIST

- All applications received have been kept and filed
- An application tracking system has been created
- A grant process timeline has been created
- Phase 1 applications have been screened for eligibility
- Eligible Phase 1 applications have been evaluated for advance to Phase 2
- Correspondence to applicants has been sent
- Technical assistance to applicants has been provided
- Applicants chosen for Phase 2 have returned completed and signed Management Questionnaire and Certifications
- Phase 2 applicants have submitted their final proposal
- Review committee terms of reference have been drafted
- Phase 2 applications have been evaluated
- Pre-award audit/site visit prepared (if applicable)
- Financial Negotiation Memorandum prepared

Section 6: Award Grants and Obligate Funds

USAID approval

Following review, final decision by the Review Committee, and discussions with proposed grantees, AED will present the selected grantees to the USAID AO and CTO for approval. The AED home office prepares a formal memorandum requesting USAID grant approval, which is submitted to USAID by AED Contracts, which will include:

1. Name and basic information of potential grantee
2. Monetary amount of grant
3. Brief description of proposed activity and results to be achieved
4. Finalized budget and budget narrative

Completing Grant Agreements

Once USAID has approved the grant template and the proposed grantees, the grant agreements will be finalized and signed. The package will include:

- Grant summary form;
- Detailed budget and budget narrative;
- Program description—brief background on the organization, activity, overall goals, specific objectives, indicators and timeline; and
- Financial Negotiation Memorandum

The AED home office will prepare **three** original copies of the Grant Agreement to go along with the attachments that are specific to each Grant Agreement (Schedule, Program Description, Budget, and copies of the grantee's signed Certifications), as well as other attachments (request for payment, foreign tax reporting, technical and financial reporting requirements, publication form, and any other materials particular to the grant).

A representative of AED/Washington signs each original copy of the Grant Agreement. All original copies of the Grant Agreement are then sent to the field. The AED COP signs each original copy of the Grant Agreement. Then, all original copies of the Grant Agreement (with AED/Washington and COP signatures) are presented to the grantee for signature. Grantee's representative signs all three original copies of the Grant Agreement, retains one copy for their records and sends the other two original copies to the field office. The field office retains one original copy in the grantee file and sends the third original copy to the AED/Washington home office.

Obligation of Funds:

The amount of grant funds obligated is dependent on the availability of funds USAID has obligated to AED. The amount obligated for each individual grant is listed in the Grant Agreement. The amount of obligated funds may be different from the total amount of the grant. In addition, the obligation of funds is different from disbursements. The obligated amount is the amount of funds available to the grantee for a specific period of time; disbursements are tied to the submission of a deliverable or completion of a milestone.

For grants that last more than one year, the Project will gradually and periodically obligate the funds available to grantees; obligation patterns will vary depending on the grantee burn rate.

WHEN USING CSH FUNDS ADD THE FOLLOWING

The Recipient must follow agency guidance on the use of USAID funds from these distinct accounts. Guidance on use of CSH funds can be found at http://www.usaid.gov/our_work/global_health/home/Funding/index.html.

CHECKLIST

- Review committee has given recommendations for grantees
- Final Grant Agreements and attachments have been prepared and approved
- Schedule of obligation of funds has been determined

Section 7: Grant Implementation & Programmatic Administration, Monitoring, and Evaluation of Grants

Create Internal Grant Management Systems

A **grant tracking system** will be developed to keep track of the grants awarded during the life of the program. This tracking system will contain basic information on the grantee, duration of the grant, grant value, grant purpose and areas of activity, and disbursement of funds.

Grantee File

The project team will keep a file for each grant that contains all information gathered about the grantee organization during the selection, award and post-award phases. This includes information about the grantee, signed Grant Agreement and attachments, Financial Negotiation Memorandum, signed certifications, detailed budget and budget narrative, program description, program and financial reports, copies of publication, M&E forms, correspondence with review committee and grantee, non-disclosure and non-conflict of interest certifications signed by the review committee, etc.

Workshop for Grantees

Diálogo will organize a training workshop for grantees once grants have been awarded. During the workshop, grantees will receive information on AED's expectations and requirements, and will review program and financial reporting formats and timing. The workshop is also an opportunity for grantees to meet each other and begin to network, and to train grantees in the M&E system.

Reporting

The Grant Agreement will detail the reporting requirements. Grantee must adhere to the reporting requirements and schedule in order to receive funds. Types of reporting will include the following:

- **Project Report:** submitted quarterly during project implementation. This report will include a description of project activities and progress towards meeting the project goal, problems in implementation and actions taken to overcome them, and plans on how the next phase of the project will be implemented.
- **Financial Report:** submitted quarterly to AED. This report will describe the amount of Grant funds spent during the previous period, the total amount spent to date, the cost-share contributions, and the amount remaining in each budget line item. Grantees are required to submit a detailed **Final Financial Report**.
- **The Final Project Report** will describe how the project objectives and goals were reached, results of the project, and problems and solutions during implementation. Issuance of the final installment of Grant funds is contingent upon AED's receipt of acceptable Final Project and Financial Reports.

Modifications to Grant Agreements

Grant Agreements may be amended for the following reasons:

- To increase the obligated amount

- To account for changes in reporting procedures (for instance, on foreign tax reporting)
- To account for a scope of work change
- To permit a no-cost extension of the grant period of performance

If additional funding is required under a particular grant, approval from USAID is required.

CHECKLIST

- Internal grant tracking system has been created
- A grantee file has been created
- Roles and responsibilities have been determined
- Workshop for grantees has been prepared
- Grantee activities, results reporting and monitoring have been undertaken

Section 8: Promote the Grant Program and Grantee Networking

Publicizing Successes

Once all systems are in place and grants have been awarded, publicizing grant activities and successes is the important next step. This can be done in a number of different ways including the following:

- Publishing success stories through project newsletters, websites, brochures, and USAID website www.usaid.gov/stories
- Organizing ceremonies at start-up, middle or end of grant
- Using the media to strategically report on activity
- Widely disseminating grant program updates to relevant stakeholders (including media) on a regular basis and posting these updates on project websites

Networking

Diálogo staff will create formal and informal networking opportunities and possible future partnerships among grantees, including:

- Organizing quarterly grantee meetings
- Facilitating exchange of knowledge and experience between grantees
- Inviting multiple grantees to relevant project events/activities (e.g., conferences, trainings, study tours, workshops, fairs, ceremonies, etc.)
- Developing an email network among grantees (e.g., in a similar field but different location, or all grantees in a particular region)
- Supporting the development of a coalition for grantees that share interest in advocating on a certain topic

CHECKLIST

- Success stories have been publicized
- Grantee workshops and/or ceremonies have been organized
- Grantee networking plan has been created

Section 9: Disbursement of Funds and Financial Monitoring

Financial Management Workshop for Grantees

Once the grants are awarded, Diálogo staff will hold a financial management workshop for approved grantee organizations.

Disbursement of Funds

The disbursement process depends on the grant type; under Standard Grant Agreements, payment to grantees is based on reimbursement of incurred costs (rather than reimbursement of amounts defined and approved in the budget). The reimbursement takes place at the grantee's request, submitted in the form of a financial report on monthly expenditures that is based on copies of bills (or other documents evidencing payment of amounts due). The basis for reimbursement of the incurred expenditures is provided by all accounting documents used by the grantee organization in its own bookkeeping.

AED will provide funding in advance for two months of programming for Standard Grants. Grantees are expected to submit financial receipts for one month to reconcile, and will remain one month "ahead" for the duration of the grant.

The Grant Agreement for all types of grants also specifies that final grant payments will not be made until the final close-out of the grant is completed. With Standard and Simplified Grants, typically 10 percent of the total amount of the grant is withheld until close-out completion.

Financial Reporting and Monitoring

Individual Grant Agreements will specify the type and frequency of financial reporting required. Financial reports will describe the amount of grant funds spent during the previous period, total amount spent to date, and the amount remaining in each budget line item.

In addition to the financial monitoring of invoices and the completion of quarterly site visits (when applicable) additional actions may be undertaken by the Finance Managers to prevent the occurrence of fraud. These actions include the following:

1. Review **original** copies of bank statements during the quarterly financial site visit. A **copy** of these bank statements obtained during the site visit should also be kept in the grantee file. The bank statements should be compared to and verified with actual receipts and invoices.
2. Review the **original** copies of bank statements from **other bank accounts** if the grantee transfers money from the AED grant bank account to another bank account in order to pay salaries for instance.
3. Conduct **spot checks** of vendors (including employees and sub-grantees), on a regular basis and when appropriate, to check whether or not payments reported as incurred have actually been made.

4. Conduct a full **audit** (performed either by the Finance Manager or an independent audit firm) whenever irregularities are found. The home office Program Director will be notified of any irregularities immediately.
5. Enforce grantee to maintain **separation of roles** in conflict of interest positions such as Executive Director and Finance Manager.
6. **Stop payment** to any grantee that does not follow the separation of roles requirement. Payments should resume once the grantee has hired a new person.

Below is a summary of the financial monitoring required for standard grants.

- Payments are based on reimbursement of incurred costs (rather than reimbursement of amounts defined and approved in the budget):
 - o The reimbursement takes place **at the grantee's request**, and is submitted **monthly** in the form of a **financial report** on expenditures incurred and based on copies of receipts (or other accounting documents evidencing payment of amounts due and kept in grantee's own bookkeeping system).
 - o Cost verification is done **after** receiving a financial report and copies of receipts from the grantee.
 - o Depending on the length of the grant and on the amount of funds available to AED, AED will gradually and periodically obligate the funds available to grantees holding a Standard Grant. This will also vary depending on the grantee burn rate.
- Advances: Standard Grants allow AED to give a 2-month advance to its grantees.
 - o If the grantee decides to use this option, it is **imperative** for the grantee to submit a **monthly** financial report reconciling the advance.
- Documents needed to make payment:
 - o A monthly Financial Report reconciling the advance (if applicable) and describing the amount of Grant funds spent during the previous month, the total amount spent to date, the cost-share contributions, and the amount remaining in each budget line item.
 - o Copy of receipts
 - o Request for Payment
 - o Submission of products, outputs or evidence of completion of activity
- **Monitoring:**
 - o Standard Grants require regular monitoring:
 - Verification of Request for Payment (that the amount requested is backed up with copy of receipts)
 - **Monthly Financial Report** and a detailed Final Financial Report.
 - Coordination with program staff to verify that the grantee submitted the agreed-upon products and other evidence of completion.
 - o Site visits: the Finance Manager may conduct site visits:
 - A financial site visit by the Finance Manager to check on original copies of receipts, bank statements, internal accounting and control procedures, etc. (see Management Questionnaire as guidelines)

- Spot checks of vendors (including employees and sub-grantees if applicable) when appropriate, to check whether or not payments reported as incurred by the grantee have actually been made.
- A full audit (performed either by the Finance Manager or an independent audit firm) when irregularities are found.

CHECKLIST

- Financial management workshop for grantees has been prepared
- Payment and financial reporting has been monitored

Section 10: Close Out

Final Payment

10 percent of the total amount of the grant will be withheld until close-out completion. Grantees will then submit a clearly marked final invoice.

1. Closing Grant for Non-fulfillment of Agreement

The conditions under which a grant can be closed for non-fulfillment of agreement should be covered both in the Grant Agreement text and in the financial management workshop with grantees. A substantial amount of correspondence and prior warnings are part of this process.

A grant may be terminated by AED if:

- the grantee fails, refuses or is unable to perform the work in accordance with the grantee program description
- the grantee performs in a manner contrary to the terms set forth in the Grant Agreement
- AED has notice of or has reasonable cause to believe that the grantee is unable to pay its obligations in the ordinary course of business

In such cases, AED home office or field offices shall give written notice specifying deficiencies and the grantee shall have 10 business days after receipt of notice to correct said deficiencies.

2. Formal Close-Out (at the end of the grant period)

Before closing out a grant, AED will receive from the grantee a signed statement certifying:

- That the grantee has received all funding due under the Grant Agreement;
- That the grantee is due no outstanding funding; and
- That the grantee has no outstanding debts to AED.

As part of the close-out process, the team will also receive from each grantee the final grantee equipment inventory and request for disposition of equipment, and copies of all publications produced with grant funds.

CHECKLIST

- When all grant activities have been satisfactorily/successfully completed, final payment is made
- AED agreement termination notification has been sent to grantee in the event of non-fulfillment of Grant Agreement
- Copies of all publications produced with grant funds have been sent to AED
- Grantee equipment inventory and request for disposition of equipment has been submitted to and approved by AED
- Grantee close-out statement has been completed and submitted to AED



Academy for Educational Development

Date

Grant Recipient
Address

Subject: Fixed Obligation Grant No.
USAID Contract/Agreement No.
AED Project No.

Dear (recipient):

In response to your request for assistance dated _____, on behalf of the Academy for Educational Development (AED) (hereinafter referred to as "Grantor") I am pleased to award to (recipient name) (hereinafter referred to as "Grantee"), a Grant in the amount not to exceed Q.xxxxxx (local currency not to exceed the equivalent of \$100,000 for U.S. organizations and \$250,000 for local organizations) in support of (program title), as described in Attachment 1, Project Description.

This Fixed Obligation Grant (FOG) will be based on the completion of the activities as evidenced by the successful completion of the milestones indicated in the Project Description.

This Grant is made to the Grantee on condition that the funds will be administered in accordance with the terms and conditions set forth herein as follows:

PERIOD OF GRANT

This grant is effective from _____ until _____.

AMOUNT AND USE OF GRANT FUNDS

The total amount of this Grant is _____ (local currency). Grantee shall receive funds in accordance with the completion of the milestones set forth in Attachment 1, Project Description. All funds provided under this Grant shall be used solely for the purpose(s) of the project.

By accepting this Grant, Grantee agrees to:

- Document that reasonable steps were taken to ensure that all purchases charged to the grant are reasonable prices and from responsible sources;
- Maintain complete records of all costs charged to the grant for a period of three years after the expiration of the grant and make such records available to Grantor, USAID or its representative for review at any time; and
- At Grantor's or USAID's request, refund to Grantor or its assignee any funds received from Grantor that represent reimbursement for any costs determined by Grantor or its assignee not to meet the terms and conditions of this grant.
- The Grantee must not purchase any ineligible or restricted goods (see ADS 312)
- Geo Code is 000.
- The Grantee must not purchase any single item that has a useful life over one year and an acquisition cost of \$5,000 or more.

PAYMENT

Payment shall be made by the Grantor upon completion of each milestone in the amount specified for each milestone following review of any evidence of milestone completion and acceptance by the Grantor of the Attachment 2, MILESTONE COMPLETION CERTIFICATE AND REQUEST FOR DISBURSEMENT OF GRANT FUNDS.

Upon completion of the entire project and all milestones, the Grantee shall certify completion of all milestones by checking the appropriate box on the Attachment 2 document.

All vouchers, certifications and correspondence under this Grant Agreement shall be directed to:

INSPECTION

Through its authorized representative, the Grantor shall have the right to inspect the work performed by the Grantee to ensure that performance is in accordance with the Project Description. Should the Grantor determine that performance is not in accordance with the Project Description, Grantee shall be so notified and given 10 business days to correct any deficiencies. The Grantor shall conduct such inspections in a reasonable manner.

The Grantor will have access to the grantee's records for up to three years, and the grantee will refund the Grantor any funds it received for any costs that did not meet the terms and conditions of the grant.

TERMINATION

This Grant Agreement may be terminated by the Grantor upon prior written notice to the Grantee if the Grantee, for any reason whatsoever, fails, refuses or is unable to perform the work in accordance with the Project Description (Attachment 1), or if the Grantee performs in a manner contrary to the terms set forth in this Grant Agreement. In such cases, Grantor shall give written notice specifying deficiencies and the Grantee shall have 10 business days after receipt of notice to correct said deficiencies.

Please add the following language per ADS 303.3.24.1.b.(1) and (2):

(1) AED has the right to terminate the grant in whole or in part or suspend payments should the grantee become insolvent during performance of the award; and

(2) At the end of the grant, the grantee must certify in writing to the Agreement Officer that it has completed the activity. If the grantee cannot certify this, the Grantor may require the grantee to make appropriate reimbursements.

LIABILITY

Neither Grantor nor USAID assume any liability for any third party claims for damages arising out of this Grant, nor do either assume responsibility for claims of representatives or employees of the Grantee.

PROHIBITIONS AGAINST TERRORISM

The Grantee is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the Grantee to ensure compliance with these Executive Orders (E.O.) and laws. One of the applicable Executive Orders is Executive Order 13224. The text of that E.O. is provided in Attachment 9; a list of the names of individuals and entities designated there under can be found at the web site of the Office of Foreign Assets Control (OFAC) within the Department of Treasury – <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.

This provision includes express terms and conditions of the Grant and any violation of it shall be grounds for unilateral termination of the Grant by AED/USAID prior to the end of its terms.

Please sign both copies of this Grant letter to acknowledge your receipt of this Grant Agreement, retain one copy for your records, and return the other to Grantor along with the signed Certifications to the Grantor.

[insert relevant Standard provision attachment if the following applies:

- 1. Family Plan funded activities and/or**
- 2. International Travel cost and/or**
- 3. Purchase of non expendable Equipment.]**

Approved by Grantor

Accepted by Grantee

Signature

Signature

Name

Name

Title

Date

Title

Date

Grant No. #####

ATTACHMENT 1

PROGRAM DESCRIPTION FOR USE OF GRANT FUNDS

Description of grant purpose and specific activities

Milestones (description of milestone completion evidence)

Milestone payment schedule

Grant No. #####

ATTACHMENT 2

**MILESTONE COMPLETION CERTIFICATE
AND
REQUEST FOR DISBURSEMENT OF GRANT FUNDS**

_____(Name of Grantee Organization)_____, the recipient of (Grant ID) from the Academy for Educational Development hereby submits this request for disbursement of funds granted to it as follows (check as applicable):

___ Milestone Payment No. ___ in the amount of _____.
(attach evidence of milestone completion)

___ Project Completion Certification: Grantee certifies that all milestones have been completed in accordance with the Attachment 1 Program Description and in accordance with the Grant terms and conditions.

The undersigned hereby affirms and certifies to the accuracy of this request/certification.

Signature _____ Date _____

Name _____

Title _____

Organization _____

Grantor Approval:

Signature _____ Date _____

Name _____

Title _____

Grant No. #####

[Delete if not applicable]

ATTACHMENT 3

Standard Provision

If Applicable for

- 1. Family Plan funded activities and/or**
- 2. International Travel cost and/or**
- 3. Purchase of non expendable Equipment.]**

