



FEED ^{THE} FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



SUBAWARDS MANUAL MERCADO REVISED JUNE 2015



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ACRONYMS

CASM	Comisión de Acción Social Menonita
CO	Contracting Officer
COPRAFEL	Cooperativa Regional Agroforestal Erandique Limitada
COR	Contracting Officers Representative
EMMP	Environmental Management and Mitigation Plan
EOI	Expression of Interest
FHIA	Fundación Hondureña de Investigación Agrícola
FTF	Feed the Future
FUNDER	Fundación para el Desarrollo Empresarial Rural
GAP	Good Agricultural Practices
GCC	Global Climate Change
GUC	Grants Under Contract
IHCAFE	Instituto Hondureño del Café
MOU	Memoranda of Understanding
NRM	Natural Resource Managment
NZOI	Northern Zone of Influence
OCDIH	Organismo Cristiano de Desarrollo Integral de Honduras
PAG	Proyecto Aldea Global
PILARH	Proyectos e Iniciativas Locals Para el Autodesarrollo Regional de Honduras
RFA	Request for Application
ZOI	Zone of Influence

PART I. SUBAWARDS IMPLEMENTATION STRATEGY

I. Introduction

MERCADO is a five-year contract under the Feed the Future (FTF) and Global Climate Change (GCC) Presidential Initiatives in Honduras. The activity supports Development Objective 2 (DO-2) of USAID's Country Development Cooperation Strategy for Honduras: extreme poverty sustainably reduced for vulnerable populations in western Honduras. The activity is implemented by Fintrac Inc. under contract #AID-522-C-15-00001 with USAID.

Feed the Future MERCADO will contribute to poverty reduction by building on and expanding proven methodologies to address poverty including increasing farm and household incomes, supporting renewable energy and environmental conservation, and enabling local and national organizations to provide quality health and education services to families living below the poverty line, the majority of which live in extreme poverty. DO-2 focuses efforts in six departments of western Honduras: Ocotepeque, Copán, Santa Bárbara, Lempira, Intibucá, and La Paz. These departments, which are defined as the Feed the Future zone of influence (ZOI), exhibit climate change vulnerability, high poverty and under-nutrition rates, and offer conditions that provide the greatest return on investment for the funds available to USAID/Honduras. MERCADO's geographic focus will be the three northern ZOI (NZOI) departments of Ocotepeque, Copán, and Santa Bárbara, although targeted interventions are expected to extend into all Feed the Future ZOI departments under partnerships with other activities and counterparts.

MERCADO interventions are categorized under two overarching purposes:

- **Purpose 01: Increased Inclusive Agriculture Sector Growth.** The activity will build the commercial viability of thousands of smallholder producers in the NZOI. Agricultural productivity will be improved to ensure farm-level production and quality enhancements meet the requirements of commercial buyers to improve access to markets. These improvements will generate increased utilization of inputs, credit, and other services, resulting in stronger commercial supply capacity and more profitable marketing arrangements between smallholders and buyers.
- **Purpose 02: Improved Nutritional Status, Especially for Women and Children.** The activity will build the capacity of health service providers and volunteers in order to expand integrated childcare and other family health services in the ZOI. The activity will also expand the healthy households program to improve sanitation and hygiene for households in targeted municipalities.

Subawards in the form of subcontracts and grants are an important element of MERCADO implementation, as are the loan guarantees that will be supported by the activity. This document provides strategy, procedures, and templates for utilizing these mechanisms and is organized as follows:

- **Part I** provides a strategic overview of these mechanisms and a summary of the procedures to be followed for their development and implementation.
- **Parts II and III** consist of Fintrac's organizational subawards guidelines on solicitation and selection/negotiation, respectively. These provide detailed instructions, forms, and templates for implementing and managing subaward programs in accordance with Fintrac and USAID policies and regulations.
- **Part IV** consists of Fintrac's guidelines for Memoranda of Understanding (MOUs).

This document is not intended to be static. Rather, it is intended to be revised and improved as MERCADO collects lessons learned and continues to evolve.

2. Subaward Mechanisms

MERCADO will employ the following subaward mechanisms to expand the outreach and impact of services provided:

- Subcontracts
- Partner Fund Awards (Grants under Contract)
- Loan Guarantee Fund (Grants under Contract)

Memoranda of Understanding (see Part V), or *convenios*, will also be used to engage with communities, governments, and private sector partners under MERCADO. Although not legally or financially binding, MOUs provide a basis for the coordination of activities with activity counterparts and can serve as the initial foundation on which other partnerships and interventions may be made.

2.1 Subcontracts

MERCADO subcontracts will include cost-reimbursable and fixed price contracts with partner implementing organizations for the provision of technical and other services that support activity goals and objectives.

Major subcontractors. MERCADO's two major subcontractors are the Fundación Hondureña de Investigación Agrícola (FHIA) and the Escuela Agrícola Panamericana – El Zamorano (Zamorano). Both FHIA and Zamorano were included in Fintrac's proposal for the implementation of MERCADO as Fintrac's primary implementing partners and are approved as subcontractors in Section H.7 of the contract.

FHIA and Zamorano have had significant roles on all Fintrac-led activities in Honduras over the last 14 years, and were pre-selected and fully budgeted due to their proven track records of past performance and excellent service delivery, shared methodology and vision of improved food security in Honduras, and specialized and complementary technical expertise that each brings to the team. Contributions of FHIA and Zamorano under MERCADO will be as follows:

- **FHIA** will take the lead in research and development, postharvest, market information, agro-forestry, natural resource management (NRM), and tree crop activities through provision of long-term and recurrent short-term specialists. FHIA will also provide field-based agronomic and health and nutrition technical staff in Copán and Santa Bárbara given the potential synergies of their current Canadian-funded cocoa work in both departments.
- **Zamorano** will take the lead on activities and initiatives in processing and value addition, business skills, and finance covering the entire ZOI. They will additionally provide field-based technical staff in Ocotepeque, as well as recurrent short-term technical assistance in agronomy, postharvest, NRM (including renewables), nutrition, and gender and social inclusion.

Other subcontractors. In addition to FHIA and Zamorano, Fintrac will work closely with additional subcontractor organizations that will be engaged to provide services in response to specific needs and opportunities. This will increase the share of MERCADO implementation among partners and will leverage additional human and financial resources through co-investment in a range of interventions designed to enhance food security. It will also maximize the sustainability of services post-activity through a defined exit plan with these partners.

Several local organizations were pre-identified in Fintrac's proposal for the implementation of MERCADO based on their track records to date in delivering high-caliber services under USAID-ACCESO and other activities. As confirmed with USAID during the contract debrief, subcontracts with

the following pre-identified partner organizations will not need to be competitively solicited¹. Several (or all) of these organizations may therefore be selected by Fintrac to receive subcontracts for the delivery of technical services under MERCADO. They include:

- Proyecto Aldea Global (PAG)
- Organismo Cristiano de Desarrollo Integral de Honduras (OCDIH)
- Fundación para el Desarrollo Empresarial Rural (FUNDER)
- Instituto Hondureño del Café (IHCAFE)
- Proyectos e Iniciativas Locales Para el Autodesarrollo Regional de Honduras (PILARH)
- Hermandad de Honduras
- Comisión de Acción Social Menonita (CASM)
- Cooperativa Regional Agroforestal Erandique Limitada (COPRAFEL)

In addition to these partners, Fintrac will engage other organizations through the competitive solicitation process (see Part II) that will increase participation by a wider pool of partners to leverage additional resources, develop capacity, and build sustainable service delivery systems.

2.2 Partner Fund Awards (Grants under Contract)

Grants under contract (GUC) authority is provided under Section H.8 of the MERCADO contract. In Honduras, the utilization of small grants has been a centerpiece of Fintrac's approach to improving economic growth and food security since 2000. Fintrac's methodology combines field-based training by local partner groups in good agricultural practices (GAPs) together with the promotion of agricultural technologies that are specifically adapted to the smallholder setting to deliver dramatic improvements in farmer yields, sales, and incomes. Health and nutrition grants utilized under prior activities that included increasing community access to potable water and supporting household sanitation improvements will also be critical to MERCADO implementation.

Grants – including small grants – under Fintrac-managed activities in Honduras and elsewhere are commonly referred to as “Partner Fund Awards” to emphasize the sharing of goals and objectives between Fintrac and its grantees, and this name will be retained under MERCADO. Fintrac anticipates that the majority of Partner Fund Awards will be small grants with value under the simplified acquisition threshold (48 CFR 52.244-2). Targeted subgrantees will include private companies distributing inputs or sourcing produce from activity beneficiaries, and *mancomunidades* (private NGOs formed by municipalities for a shared purpose) in geographic areas where the project is active. Partner Fund Awards will augment the outreach and impact of MERCADO initiatives through agricultural extension and other activities undertaken directly by *mancomunidad* grantees working with larger groups of farmers and household beneficiaries.

All GUCs will be solicited, awarded, and managed in accordance with Fintrac's Subaward Guidelines.

2.3 Loan Guarantee Fund (Grants under Contract)

A portion of the grants awarded to partner organizations by MERCADO will be used to establish programs that will encourage new and expanding lending to farmer and MSME beneficiaries by both formal financial institutions (including *cajas rurales*) and non-traditional lenders (buyers, input suppliers, irrigation companies). These guarantees will take the form of grants with village banks, local

¹ All subawards issued by Fintrac follow the Subaward Guidelines that include applicable regulations and procedures for competition and documentation, as referenced in Part II: Subawards Guidelines: Solicitation to this document.

intermediary buyers (collection centers) and local input/equipment suppliers through which we establish loan packages and financial products specifically designed to support agricultural borrowers.

Risk will be shared with these institutions through partial guarantees of their loans to project beneficiaries. As with any loan product, the primary risk involved with the Loan Guarantee Fund is default on behalf of the borrowers. Fintrac and partner organizations will mitigate this risk by vetting borrowers and providing ongoing training and technical assistance on farm management, loan management, and financial literacy. In the event of a default, partners will need to show that every effort has been made to recoup costs from the borrowers before the guarantee is utilized and default costs are billed to the project. Fintrac anticipates that default levels will be minimal. Under the loan guarantee scheme, all recovered funds will be reprogrammed to grant activities once the organizations using them as guarantee build up the revolving funds from repayments. It is also anticipated that unused funds under this mechanism will be reprogrammed to support specific grant activities. Fintrac has budgeted for specialized short-term technical assistance to ensure proper set-up of the loan guarantee mechanism.

The loan guarantees will leverage MERCADO financial resources multiple times over with individual guarantee levels gradually reduced and eliminated as strong repayment history is created, and also by reducing the perception of risk. Loan guarantees will support on-lending to growers and provide additional working capital to increase the quantity and range of inputs and service provider inventories as well as buyer volumes procured. It is anticipated that the \$250,000 budgeted for these types of grants will benefit 2,000 beneficiaries.

2.4 Technology Fund (Grants under Contract)

The Technology Fund is an in-kind grant mechanism for MERCADO to provide investments that benefit households and communities in target departments by addressing technology constraints to improving productivity, sales, and economic growth as well as family health and nutrition. The majority of Technology Fund investments will support economic growth and improved health and nutrition for farmers, households, producer groups, and *mancomunidades*. These investments will typically consist of the procurement and distribution of equipment, technologies, and building materials that will be accompanied by technical assistance and training from MERCADO with the construction and installation provided by recipients. Some examples include, stoves, household water lines, drip irrigation systems, and coffee dryers.

Building materials are for minor improvements that do not affect structural elements, and do not impact load bearing walls. MERCADO will not be expected to perform the actual activities, except in demonstration cases to improve the households, but rather provide training and oversight on the use of the appropriate technology and training so the people living in the household can do the actual work.

Fintrac anticipates establishing several Technology Funds for co-investing with community and beneficiary partners in the key support areas of:

- Agricultural production
- Food processing
- Health and nutrition
- Natural resource management

Other areas may receive Technology Funds as determined by activity management. Under MERCADO, Technology Fund investments will be managed as in-kind grants and will follow USAID assistance procedures as defined in 2 CFR 200 and 2 CFR 700.

Each of the aforementioned Technology Funds is expected to have a maximum threshold between \$160,000 and \$250,000.

3. Prime Contract Guidelines

The MERCADO contract provides the following guidance regarding subcontracts and grants.

Subcontracts. In accordance with Section H.7 of the contract and FAR 52.244-2, subcontracts above the Simplified Acquisition Threshold will be sent to USAID Contracting Officer (CO), through the Contracting Officer's Representative (COR) for consent. All subcontracts under the Simplified Acquisition Threshold will be sent to the COR for technical concurrence.

Grants under contract. Section H.8 of the MERCADO contract discusses the rules to be followed for grants under contract. Accordingly, Fintrac will utilize the following guidelines when soliciting and requesting approval for all MERCADO subawards:

- Grants will be solicited, evaluated, and awarded in accordance with Fintrac's Subaward Guidelines and USAID regulations.
- In addition to Fintrac's internal award auditing process, USAID shall also have the right to conduct a financial review or audit to ensure the proper use of activity grant funds.
- Language shall be incorporated into all grants requiring adherence to USAID's branding and marking strategy for the MERCADO activity.
- All MERCADO grants shall comply with 22 CFR 216 USAID, Environmental Regulations. Each will undergo an environmental screening process that will determine whether an Environmental Management and Mitigation Plan (EMMP) is required for the subaward activity in questions.
- The COR shall be substantially involved in establishing the selection factors and shall approve the selection of grant recipients.
- Grants to any non-US nongovernmental organization shall not exceed \$250,000.
- Grants to US nongovernmental organizations shall not exceed \$100,000.

4. Competition

MERCADO subcontracts and grants must generally meet the following eligibility requirements:

- Potential to positively impact beneficiary sales, incomes, employment, health, nutrition and other MERCADO objectives, including gender/youth and food security concerns.
- Cost effectiveness and cost realism of the activity.
- No negative environmental impact (via environmental screenings and, as required, EMMP).
- Likelihood that activities will be replicable and sustainable post-activity.
- Ability to leverage co-investments that support activity goals.

Partner Fund Awards will be made through a competitive process as detailed in the Fintrac Subawards Guidelines: Solicitation. As part of the competition process, Fintrac may exercise the option to solicit applications through Expressions of Interest (EOI) or Requests for Applications (RFA) in accordance with its policies and procedures. The process will begin with a general call for EOIs from a shortlist of *mancomunidades* that are working within the ZOI. EOIs will then be evaluated in accordance with Fintrac procedures, and *mancomunidades* will then be issued an RFA. Applications will be scored against specified criteria based on MERCADO targets and objectives. The project will seek the technical concurrence of the USAID COR prior to issuing Partner Fund Awards.

Since MERCADO will not be active in every municipality in the ZOI, Fintrac intends to solicit these awards from a shortlisted group of prospective grantees – companies, and *mancomunidades* – located or operating in those geographic areas where MERCADO is active. Prospective grantees will also include formal and informal financial institutions applying for grants from the Loan Guarantee Fund. All will be invited to submit EOIs for undertaking initiatives that support MERCADO goals and objectives; organizations whose EOIs are determined to be most supportive of activity goals will be invited to submit formal applications.

Partner Funds Awards may be made on a non-competitive basis through direct solicitation or unsolicited proposals **only under certain circumstances**, namely if they are under the simplified acquisition threshold, and less than one year in duration.

If a non-competitive award is based on its value being under the simplified acquisition threshold, then it may not be amended either to add funds above the threshold or to extend the date beyond one year from its original date. A sole-source award may be justified based on one of the limited eligibility provisions in the ADS. In such cases, a written justification is required to be approved by the Home Office explaining how the proposed award fits the exception to competition.

Subcontracts. All subcontracts (except for those with the pre-identified organizations listed in Section 2.1) will be competitively solicited. Part II of this manual provides guidelines and templates for carrying out competitive solicitations.

Loan Guarantee: All participants (rural village banks, local intermediary buyers, and local input and equipment suppliers) will be competitively solicited. Part II of this manual provides guidelines and templates for carrying out competitive solicitations.

Technology Funds: Technology funds will be awarded to individuals or groups of small farmers that are identified by MERCADO field extension officers working with local counterparts. Eligibility of potential sub-grantees will be determined pursuant to established award criteria. Applicants will be asked to complete the Award Criteria Questionnaire to ensure they meet the minimum eligibility criteria. Eligible applicants will then be asked to sign an agreement form upon receiving the technology grant.

5. Review

While actual review procedures may vary slightly between subaward categories, all will be solicited and awarded in accordance with sound business practices and applicable USAID regulations. Fintrac will conduct due diligence review, financial systems reviews, and capacity assessments of prospective awardees prior to approval for funding. All information received from applicants shall be held in confidence by reviewers to protect the integrity and privacy rights of awardees.

The review committee will evaluate all competitive applications and proposals to ensure the proposed activities support MERCADO goals and objectives. Conflict of interest and non-disclosure forms should be signed by each person involved with the solicitation. Review committee members will be chosen based on their technical capacity to evaluate the proposed activity. The review committee will always include senior project management, though committee members may not be the same for each subaward. In addition, the size of the committee will be an odd number of voting members. Evaluation will be conducted and scored against appropriate selection criteria. The evaluation process may entail interviews, site visits, background research, and budget reviews to ensure proposed activities and costs are reasonable and allowable, and that prospective awardees understand the financial requirements of the activity and possess the ability to participate as proposed. In some instances, the awardee may be required to modify or clarify the application, and in these cases, activity staff will work with the applicant to revise the proposal.

6. Implementation

Subawards will be implemented in accordance with the following procedures:

6.1 Subcontracts

Subcontracts with activity partners will contribute directly to Feed the Future MERCADO targets and objectives. They will be used to provide technical assistance and capacity building for a range of clients or solicit a range of technical services from local consulting firms and advocacy groups. Implementation guidelines regarding subcontracts are as follows:

1. Subcontracts are expected to commence only after receiving USAID technical concurrence or subcontract consent; once received, representatives from MERCADO and the subcontracted organization will formally enter into the subcontract. Payments under the subcontract may only commence following subcontract signature by both parties.
2. Copies of all signed subcontracts shall be kept on file at MERCADO offices and posted on Fintrac's internal site. All fully executed subcontracts (and subsequent modifications) will be sent electronically to the COR.
3. The selection of vendors from whom to purchase items will be made following a determination of best value taking into consideration: pricing, availability, and the required specifications of items to be procured.
4. For subcontractor material purchases over \$500 in value, if the subcontractor does not have a procurement manual, then MERCADO will provide guidance on following procurement regulations and best practices.
5. Non-material payments, such labor or services for extension activities, workshop costs, etc. will only be paid against approved invoices. Invoicing and payment for labor services to be provided by subcontractors will follow established Fintrac procedures.
6. Subcontract implementation will follow an established work plan/schedule and budget developed by the partner and designated field manager, and approved by either the COP or DCOP in accordance with the overall MERCADO work plan.

The monitoring of the subcontractor's budget and expenditures will be performed by the MERCADO subawards team concurrent with the monitoring of performance by activity Field Managers and M&E

Specialists. The overall compliance, accounting and risk management of subcontractors is the responsibility of the Partnerships, Contracts and Grants Director.

6.2 Partner Fund Awards (Grants under Contract)

Partner Fund Awards will support initiatives that contribute to the overall goals and objectives of MERCADO. General implementation guidelines are as follows:

1. Upon award, each awardee will be assigned to a MERCADO Zone Manager responsible for monitoring and supervising the technical performance of grantees in his/her area.
2. The Zone Manager and awardee will develop a work plan (based on the latter's proposal) that specifies activities to be undertaken and outputs to be achieved under the terms of the award.
3. The Zone Manager will assign a field technician to each grantee who will be tasked with:
 - a. Providing "training of trainers" style technical assistance for awardee extensionists and health workers in order to raise their implementation capacity;
 - b. Carrying out regular monitoring visits to ascertain progress against work plans.
4. Awardees will submit periodic (typically quarterly) reports detailing progress against workplans together with invoices for expenses incurred to the respective Zone Manager.
5. The Zone Manager (and field technicians) will provide feedback on awardee technical performance to the MERCADO subawards team.
6. Concurrent with field-based technical capacity building, the USAID-Subawards team will also provide grantees with training in finance and administration on a periodic basis.

6.3 Loan Guarantee Fund (Grants under Contract)

The Loan Guarantee Fund will encourage new lending to farmers and MSME beneficiaries through small grants targeted to financial institutions (including *cajas rurales*) and non-traditional lenders (buyers, input suppliers, irrigation companies) operating in municipalities where USAID-MERCADO is active. Loan Guarantee Funds will be solicited and awarded as small grants directly with organizations selected by USAID-MERCADO management. The size of the guarantee pool is expected to range \$3,000 to \$6,000 in value per lender, as they are designed to serve as an estimated percentage (typically 17-25 percent) of the organization's funding pool for extending loans to USAID-MERCADO clients.

6.4 Technology Fund (Grants under Contract)

Technology Fund in-kind grants will support the agriculture, health and nutrition, and NRM goals of MERCADO. These in-kind grants will follow Fintrac and USAID procurement and acquisition rules. Technology Fund investments will support MOUs (*convenios*) with *mancomunidades*, or private companies, and will typically be accompanied by technical assistance to promote the uptake and expansion of technologies and best practices demonstrated by MERCADO. Additional guidelines regarding the Technology Fund are as follows:

1. Technology Fund proposals will be developed and implemented using tools and templates in Part IV.
2. They will be linked directly to the achievement of activity objectives in a clear and demonstrable manner.
3. Investments under each Technology Fund may only be ordered, purchased, and distributed following USAID technical concurrence.
4. All investments are to be in-kind in nature (cash is not provided directly to beneficiaries).
5. USAID approval (in addition to technical concurrence) will be requested for the procurement of any restricted commodities included in the Technology Fund proposal.
6. Building materials will only be used for minor improvements that do not affect structural elements and do not impact load bearing walls.
7. Procurement will include the utilization of "best value" suppliers of key inputs, technologies, and materials and will be made from in-country suppliers whenever possible.

8. The selection of suppliers must take into consideration pricing, availability, and the required specifications of items to be procured.
9. Fintrac's home office may also provide procurement assistance for any items that are sourced overseas and in accordance with the terms of MERCADO's geographic code.
10. For items over \$500 in value, procurement guidelines normally require three quotations prior to purchase; where it is not possible to obtain three quotations, an explanation should be included in the payment voucher indicating the reason (unavailability of item, few suppliers) for procurement.
11. Delivery and installation should follow a schedule developed by MERCADO managers and technicians in accordance with the activity work plan.
12. Equipment, materials, and technologies procured and distributed under the Technology Fund will be considered dispositioned to activity beneficiaries at the time of distribution; signed notes of goods received for all Technology Funds investments will be kept on file by the MERCADO subawards team.
13. Technology Fund investments will comply with MERCADO branding and marking requirements as required.

The MERCADO subawards team will manage a detailed tracking system documenting all Technology Fund investments. Co-investments by farmers, households, and communities will also be monitored by field technicians and MERCADO M&E specialists using the CIRIS M&E system. The Partnerships, Contracts and Grants Director is tasked with the overall compliance, accounting, and risk management of Technology Fund activities.

7. Conflict of Interest

In accordance with Fintrac HR policies, appropriate steps will be taken throughout the award selection and implementation process to ensure MERCADO staff members do not have any potential conflicts of interest or the appearance of such with regard to prospective awards. Conflict of interest and non-disclosure forms will be signed by each person involved with the solicitation. An individual shall be considered to have the appearance of a conflict of interest if that person, or that person's spouse, partner, child, close friend or relative, work for, or are negotiating to work for, or have a financial interest (including being an unpaid member of a Board of Directors) in any organization with an award proposal under review by MERCADO. In such cases, MERCADO shall carefully review the situation and, if necessary, consult with USAID to determine the appropriate action required to avoid or mitigate such conflict of interest and ensure impartiality in the award process. Staff members shall neither solicit nor accept gratuities, favors, or anything of monetary value from prospective partners/awardees.

8. Internal Reviews

MERCADO staff will provide continuous oversight of the management of all subawards through reviews of reports, correspondence, site visits and other appropriate means. Subawardees shall maintain appropriate documents and other evidence to show that incurred costs are reasonable, allowable, and in accordance with the subaward terms.

Fintrac's home office will also perform an internal review of the MERCADO subawards program. The primary purpose of the review is to ensure goods and services procured under subawards are utilized for their intended purposes and that the proper documentation is available and on file. Subawardee financial and management systems will also be reviewed. Site visits are an important part of this process and will be carried out for groups of randomly selected awardees during each review.

PART II: SUBAWARD GUIDELINES: SOLICITATION

Full copy of Fintrac's Subaward Guidelines: Solicitation begins next page.



Subaward Guidelines: Solicitation

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Acronyms

ADS	Automated Directives System
AIDAR	USAID Acquisition Regulations
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO	Contracting Officer
COP	Chief of Party
COR	Contracting Officer's Representative
EOI	Expressions of Interest
EPLS	Excluded Parties List System
FAR	Federal Acquisition Regulation
FO	Field Office
HO	Home Office
IQC	Indefinite Quantity Contract
NICRA	Negotiated Indirect Cost Rate Agreement
ODC	Other Direct Costs
OFAC	Office of Foreign Assets Control
PMU	Project Management Unit
RFA	Request for Application
RFP	Request for Proposal
SOW	Scope of Work
SVP	Senior Vice President
TEC	Technical Evaluation Committee
USAID	United States Agency for International Development

Introduction

Fintrac receives most of its funding through the United States Agency for International Development (USAID) under Assistance and Acquisition vehicles. The Acquisition instruments include cost reimbursable contracts, indefinite quantity contracts (IQCs), and task orders. The SOWs under these prime awards can be narrowly defined and require a significant amount of oversight by the donor. In the past few years, the focus of Fintrac's implementation strategy has been to work through local organizations. In direct proportion to the increase in the subawards portfolio, the financial and management risk associated with implementing subawards also increases, which requires a significant amount of oversight by Fintrac. These guidelines have been developed in alignment with USAID regulations regarding subawards.

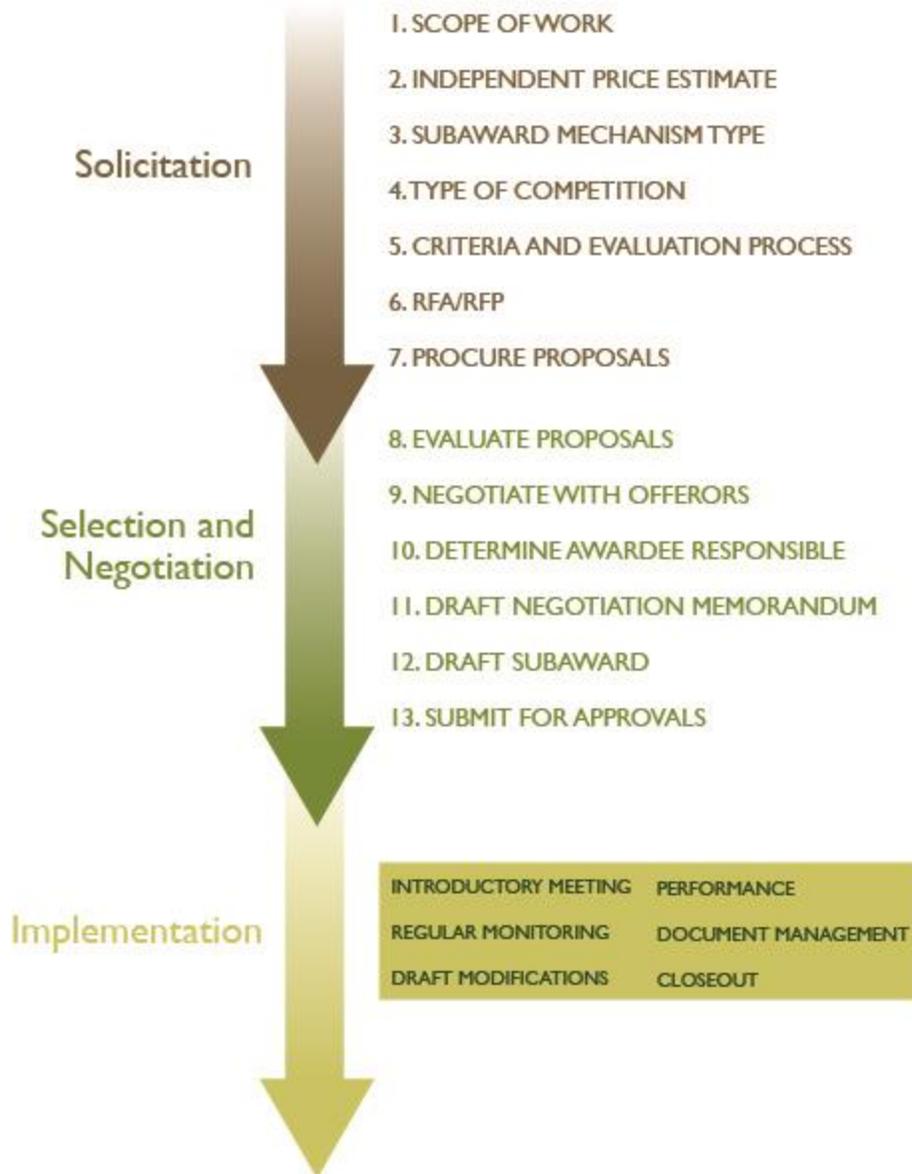
For purposes of these guidelines, the subawards process has been divided into three phases:

1. Solicitation
2. Selection and Negotiation
3. Implementation

This guide outlines the steps and process for the first phase, that of subaward solicitation. The tools in the annexes will add further details and examples to help walk you through these steps. The guidelines should help you make clear decisions and provide you with guidance and tools for properly implementing and documenting this process. It is imperative that the all steps of the process are properly documented, and that a complete file is kept for each subaward.

This document should also help illuminate the steps involved in the solicitation process for subawards. By following the guidelines, we can ensure that we are providing the best value to the donor and our program clients while complying with US government regulations and Fintrac's internal policies.

Fintrac Subaward Guidelines



Defining Terms

This section defines terms used throughout the subaward guide.

Prime Award - A prime award is the contract or agreement between Fintrac and a donor that lays out the terms and conditions of the funding. This document may also outline specific provisions, clauses incorporated by reference, and monitoring requirements which will be in addition to the procedures listed here.

Subaward - A subaward is document between Fintrac and a qualified organization for the performance of a substantive portion of the program funded under the prime award. The term does not include procurement of goods and services funded by a prime award (i.e., vendors do not receive subawards). It does not include payments to an individual that is a beneficiary.

Subawardee - Subawardee is the legal entity to which a subaward is made and which is accountable to Fintrac for the use of the funds provided in carrying out a portion of Fintrac's programmatic effort under a prime award.

Subgrant - The principle purpose of a subgrant is to transfer anything of value (usually equipment or cash) to a non-Federal entity to carry out a public purpose. It is not used to acquire property or services for Fintrac's direct benefit or use.

Subcontract - The legal document which Fintrac uses to purchase property or services used to carry out the project under a USAID contract.

Technology Funds - *A Technology Fund is a flexible type of umbrella mechanism pioneered by Fintrac and utilized under most of its field projects to provide small non-cash grants to a large number of beneficiaries.* It is not a typical subcontract or subgrant agreement, but rather a Fintrac-designed formalized means to procure and distribute small non-cash grants to multiple (often hundreds or more) beneficiaries under which traditional (individual) subaward mechanisms would be inefficient and impractical. The mechanism is so named because its primary use is to demonstrate new technologies to farmers, allied agribusinesses, and other program clients in order to encourage technology expansion and replication. Projects typically develop multiple TF's, each with a specific technical goal. For programs with non-agricultural components, the funds have also been used to demonstrate or provide training in new technologies at the household and community level in water, sanitation, nutrition, health, energy/renewables, disaster mitigation, and other areas. Awards are used to provide selected clients, client groups, and/or communities with improved technologies – who in turn demonstrate these technologies within their communities and regions. Typically items are procured in bulk for either immediate distribution to recipients or warehoused/inventoried for distribution over a relatively short period of time. A Technology Fund often involves multiple procurements over its specified duration. While the mechanism is flexible, it requires strong procurement, inventory, and distribution controls (including signed receipts by beneficiaries of the quantity and type of goods provided). Ideally, ownership of the donated goods should be vested with the recipient at the time of transfer by obtaining advance USAID-approval for immediate disposition.

Partner Funds - Partner Funds are a subaward mechanism used by Fintrac on USAID Agreements and Contracts to co-finance joint activities with private sector partners that help to meet the program's

aims and objectives as well as to broaden the outreach of interventions. Primarily used as a mechanism to increase the availability, quality and long-term sustainability of business development services to small- and medium-scale agribusiness clients, it is also used to introduce new technologies and new, higher-value and added-value products. Each project must define whether Partner Fund agreements will be subgrants or subcontracts, and therefore the correct flow down provisions should be included.

Step I: Scope of Work

Subaward needs are dictated by the technical needs of the project, and are initiated by a project's senior technical managers. To begin the subaward process, senior technical management needs to determine whether it has a clear scope of work (SOW) to send out for bids (subcontract) or if it would like organizations to submit ideas to reach specific objectives (subgrant).

If the SOW will be determined by Fintrac, then the senior technical management team should submit a clear and concise (yet thorough) SOW to the project's Grants/Contracts Manager and Chief of Party (COP) for review. The Project Management Unit (PMU) in the home office can offer support to the field team by locating similar SOWs from other projects or by helping to develop the scope. Once nearly final, it should be reviewed by the PMU.

If the **procurement is for specific goods** (e.g. drip irrigation systems) under a Technology Fund, then we must provide details on equipment specifications. Fintrac field procurements often include those for goods – examples include purchases of equipment under a Technology Fund (e.g. large numbers of drip systems). For these sorts of procurements, the SOW is in the form of specifications provided by Fintrac technical specialists (e.g. Production Manager/Senior Agronomist for drip systems). Because these procurements are usually based on lowest price, the specifications must be detailed enough to enable all bidders to properly cost the requirements, but should not include non-essential specifications that would unreasonably limit competition (or steer the award to a particular supplier).

In some cases, **Fintrac may want to be very specific in how the activity must be implemented**. For example, for provision of extension services by NGOs and other community partners, we often specify the number of agronomists (and other support personnel), the specific locations where we want extension services provided, the minimum number of farmers that must be assisted (and minimum trainings and extension visits made), and the extension methodology that must be used.

The SOW for the proposed activity must be able to answer:

- What Fintrac wants.
- When we want it.
- Where we want it delivered.
- How the subawardee is to perform the work or what results are to be accomplished.

The SOW should include sufficiently specific information that allows prospective subawardees and Fintrac to price the activity. The field based Grants or Contracts Department should review the SOW with the technical team to ensure its completeness and clarity, and collect additional information from other program staff as needed. The exact content of an SOW will vary based on the complexity of the proposed activity (e.g. a simple study with a report as the only deliverable versus a three-year activity to provide recurrent extension services in a specific region), how specific Fintrac wants to be in defining the activity, and the level of involvement Fintrac wants to exercise during activity implementation (i.e. technical direction). Annex IA provides a checklist to help guide staff to evaluate completeness of an SOW. Annexes IB, IC, and ID give examples of SOWs that have been used by different projects.

In some cases, less specificity may be more appropriate. For example, we may set a results-level target that must be achieved (e.g. 1,000 farmers must increase incomes by 100 percent), but allow the offerers to propose their own methodology to achieve that goal (part of the technical evaluators' responsibility will be to determine if the proposed methodology is appropriate and feasible). Another example of a less detailed SOW would be when Fintrac solicits **Expressions of Interest** (EOI) under a grants program and for which applicants are asked to submit activity ideas that contribute to program goals. Another use of EOIs is to better understand the different actors in a geographical or programmatic area. We request an EOI that helps us to understand the market in a particular area.

Step 2: Make an Independent Price Estimate

For all SOWs or procurements that are clearly defined by Fintrac, an independent price estimate must be made. This step is not possible if we allow the subawardee to define the SOW, or when doing an EOI. For Technology Funds it is required.

- ✓ The Price Estimate is developed by Fintrac staff only, without the influence of potential subawardee. It should be based on the requirements of the activity as outlined in the SOW or the procurement requirements.
- ✓ The SOW should be specific enough so that a *reasonable* price estimate can be made. You may still need to obtain additional information from other Fintrac staff more familiar with the technical requirements of the activity, or from outside sources for current unit price estimates for specific line items.
- ✓ Estimates can be made based on recent historical prices previously paid by Fintrac for similar activities or cost items, current market rates available from industry sources, etc.
- ✓ If a similar activity was recently awarded by Fintrac, you may use that activity's independent Price Estimate and final award budget as reference for developing the independent Price Estimate for the new activity.
- ✓ The Price Estimate should be made by staff that are familiar with the type of work to be done and the amount of effort necessary. Ideally, this is done in collaborative manner by the technical and subawards team members in the field.
- ✓ The Price Estimate must be well documented and included as a part of the subaward file.
- ✓ The Price Estimate is confidential within Fintrac and neither the total cost nor cost breakdown can be shared with outside parties.

Why Do an Independent Price Estimate?

An independent cost estimate provides Fintrac with:

1. A basis for reserving funds for the subaward as part of acquisition planning (does Fintrac have the required funds available in its own contract to fund this activity?);
2. A basis for comparing costs or prices proposed by offerors; and
3. An objective basis for determining price reasonableness in cases in which only one bidder or offeror responds to a solicitation.

For **simple procurements** (e.g. for equipment and items readily available on the commercial market such as drip irrigation systems, nursery materials, etc.), the price estimate may be based on catalog prices, market survey prices, online research, or historical data of recent Fintrac purchases of similar items. Document the sources of any data collected that you used to determine the final price estimate. An example is included in Annex 2A.

For **more complicated procurements** (e.g. solicitations for a local organization to provide two years of agricultural extension in a particular geographic region), the price estimate will involve more work. There is no specific requirement on how price estimates must be done – as long as the price estimate establishes reasonable costs that a subawardee may bear in performing the required services or providing the supplies. A cost is considered reasonable if it reflects the action that a prudent business person would have taken at the time the cost was incurred.

This step should be done by the Subawards Manager with input from the technical team. Once completed, it should be shared with the PMU. An example of a price estimate for a long term extension project is included in Annex 2B.

Step 3: Choose Subaward Mechanism Type

The subaward mechanism is chosen based on the SOW to be done. The type of subaward mechanisms available can depend on the type of prime award that Fintrac has with USAID or other limitations that have been put on your project. If Fintrac has a cooperative agreement with USAID, either contracts or subgrants are allowed, although which one is more appropriate needs to be determined. If Fintrac has a contract or task order with USAID, only subcontracts are allowed unless the contract explicitly provides “Grants Under Contract” authority, in which case subgrants are also allowed.

3.1 Choosing Between Subgrants and Subcontracts

If you need to choose between a subgrant and a subcontract, “there is no one factor that determines (which) is the most appropriate instrument” – the choice of instrument is made by “careful and thorough analysis.”¹ This section highlights some of the factors that may be considered (and not to consider) in determining whether a subcontract or subgrant is most appropriate.

3.1.1 Factors to Consider

The following definitions from USAID’s internal guidelines (the Automated Directive System, ADS) attempt to define the different factors and should be consulted when determining the appropriate instrument:

USE A SUBCONTRACT IF:	USE A SUBGRANT IF:
The principal purpose is to acquire property or services for the direct benefit or use of the US government (or the project through Fintrac);	The principal purpose of the relationship with the subrecipient is to transfer a thing of value to the subrecipient to carry out a public purpose of support or stimulation;
OR	AND
Fintrac decides in a specific instance that the use of a subcontract is appropriate.	Fintrac expects to provide technical support and, possibly, capacity building for subrecipients

The wording is admittedly confusing and open to interpretation. There are a number of potential other factors to consider which may help you make the distinction between whether the project or the subawardee is the direct beneficiary of an activity and help you decide between issuing a subcontract or a subgrant. Annex 3A includes a worksheet to help determine which instrument might be more appropriate.

¹ *Choosing Between Acquisition and Assistance Instruments: A Mandatory Reference for ADS Chapter 216*, USAID, April 2, 2012 (<http://transition.usaid.gov/policy/ads/200/216maa.pdf>). This section also relies on guidance from *ADS Chapter 304: Selecting Between Acquisition and Assistance (A&A) Implementing Instruments*, USAID, December 30, 2011 (<http://transition.usaid.gov/policy/ads/300/304.pdf>).

The responsibility for selecting the type of instrument rests with the field Subawards Manager. However, input should be sought from the technical team, since it will be involved in the implementation of the subaward. Any decision made will influence the project's relationship with the organization and the outcomes of the subaward. If guidance is needed, the PMU or home office-based Contracts and Grants Department can be consulted as a resource.

Selection of the most appropriate mechanism is based on reasoned and supported judgment. It is important to document the decision-making process and to be consistent within the project. Ask yourself if the final choice of instrument type is rational – and document your reasoning!

3.1.2 Factors Not to Consider (with some exceptions)

The following factors should not be considered when determining whether an activity should be a subgrant or subcontract:

- ◆ **Type of Organization.** Since any type of organization (i.e. commercial for-profit, not-for-profit, other) is eligible to receive either a subgrant or a subcontract, the type of organization should not be used as a criterion in determining type of award.
- ◆ **Monetary Value.** The dollar value of the award does not determine whether a subgrant or a subcontract is used. There are no minimum or maximum value limits on either instrument.
- ◆ **Follow-on Activity.** If the activity is a follow-on to a previous activity, the previous subaward mechanism does not necessarily determine that of the follow-on. For example, if a subgrant was originally used and the activity has changed, it may be more appropriate to use a subcontract mechanism for the follow-on activity (depending on its nature). However, if the nature of the activity has not changed and the original instrument type is clearly and reasonably documented, then the mechanism used for the original activity should also be utilized for the follow-on activity.
- ◆ **Financial/Administrative Capacity.** The financial capacity of the organization does not determine the subaward instrument. It may influence the payment provisions but not the type of subaward. An organization without appropriate financial controls should not receive a subaward from Fintrac.
- ◆ **Effort.** The amount of work required by Fintrac to issue a subaward or monitor performance under a subaward should not determine the instrument.
- ◆ **Influence by Others.** Instrument type should never be based on a request by a potential subawardee(s) or on personal relationships between any Fintrac staff member (or their immediate family) and that organization. There should be absolutely no influence by others outside Fintrac in choosing the subaward mechanism.

3.2 Determine Payment Type

For some SOWs, you are able to determine the payment type at this step. At Fintrac, the most commonly used payment types are fixed price or cost reimbursable. For technology funds, distribution tends to happen to the beneficiaries through in-kind distribution rather than payment. There are positives and negatives for each of the payment types. Annex 3B includes a worksheet to help determine which payment type would be more beneficial.

FIXED PRICE/FIXED OBLIGATION	COST REIMBURSABLE	IN-KIND
Subgrant or subcontract	Subgrant or subcontract	Subgrant
Usually shorter term award	Can be any length of time	Short-term
Needs more prep before signature-negotiation up front, including reasonableness of costs	More flexible to changes in program and budget	
Payment by deliverables/invoices - payment schedule in award	Payment by receipt/invoices - based on actual expenses	No cash exchanged - just the exchange of an item or technology
Typically no modifications	Changes possible and probable	

Step 4: Determine Type of Competition

The next question to ask is what type of competition would be most efficient and cost effective for the project. USAID requires that competition occurs to the maximum extent practicable.

The two major types of competition are Sole Source and Full and Open, however, there are other processes on the spectrum between these two points. When deciding whether you need to compete a potential subaward activity, you have a wide range of options.



Why is competition necessary? When we say “competition,” we are referring to a process to ensure that we are obtaining supplies and services that are the most advantageous to the project. If you did not compete a subaward, or gave one to the first appropriate organization that came along, there would be no way to guarantee that the organization’s prices or services are the best value or most appropriate for the project’s needs. Competition allows us to gain an understanding of what types of services are available and how much they should cost. Competition further ensures that monopolies around certain services do not begin to occur in-country, which would eventually result in increased prices overall.

This step is led by the Subawards Manager with input from other teams as appropriate. It is important to note that, should we decide not to compete a subaward, the technical team must document that there is only one reliable source available.

4.1 Full and Open Competition

Full and Open Competition, in the eyes of the US government, is the best way to ensure the best value for US government funds. Through an open competition, you are able to ensure that all interested organizations have an equal chance to respond to the needs of the program and provide the most competitive pricing options. This process should include the following steps:

- 1) Publish an announcement and seek proposals from all eligible and interested parties to bid on the proposed SOW.
- 2) Conduct an impartial review and evaluation of all qualified applications.
- 3) Make an objective recommendation based on the above.

4.2 Expression of Interest

This is a two-step process that eliminates unqualified organizations through a general application of set criteria. The EOI is usually a widely advertised solicitation for organizations to submit a short eligibility form. All entries are reviewed and the most promising ones are contacted to submit a more detailed proposal on the work to be funded.

The EOI precludes organizations with no chance of winning a subaward from undertaking a complicated application or proposal. It also saves Fintrac staff time and energy of reviewing applications or proposals which are not qualified to receive funding under our projects.

In addition to using requests for EOIs to solicit interest and identify likely suppliers of an upcoming procurement, Fintrac often uses EOIs to solicit ideas for partnership alliances. These are generally more open in scope (e.g. requests for ideas on co-funding of partnerships with local agribusinesses for input supply or buyer relationships with smallholders), request less information from offerors than a full-scale Request for Proposal or Application (RFP/RFA, see Step 6), and seek to pre-identify and possibly limit potential offerors. The EOI still involves establishing an evaluation process with relevant criteria to narrow down potential offerors and advertising the opportunity to the widest extent practical.

4.3 Targeted Solicitation

For some specific SOWs, there are a limited number of qualified organizations capable of performing the work. Sometimes, the limitation will be on the technical aspects -- there are only a few organizations with past performance references for the type of work required. On other occasions, the limitation will be geographic - there are only a few organizations that are working in that particular area of the country or in a specific district. When we have a clear understanding of the landscape and can document for our files the outreach done to find qualified organizations, then we can target a solicitation to organizations already deemed to be qualified. Normally, this means inviting a small group of organizations to submit a proposal for the work. This is still competition, but targeted to pre-qualified organizations.

4.4 Sole Source

If you are unable to go through an open competition process, there are a few specific justifications that may allow you to sole source a subaward to pre-identified parties. Allowable justifications vary depending on whether the procurement mechanism is a subgrant or subcontract. If a sole source determination is made, it must be documented. WARNING: Justifying and documenting a sole source award will be time consuming and will raise questions during the approval process! If you decide that you need to sole source a subaward, complete the Justification for Sole Source (JOSS) in Annex 4A or 4B. At this step, it is important to share the JOSS with the PMU and the Contracts and Grants Department for approval. If your sole source justification is not strong enough, then you may need to rethink the type of competition possible.

4.4.1 Sole Source Justifications for Subcontracts

While there are seven possible justifications to sole source subcontracts in the U.S. Federal Acquisition Regulation (FAR), only two are likely to ever be applicable for Fintrac subcontracting:²

1. **There is only one responsible source and no other suppliers can satisfy Fintrac's requirements.** To use this justification, you have to prove that the resource you are requesting is the only one available that meets your specific requirements or is of an improved quality when compared to similar products in the market. For example, if we want to work with specific diesel pumps, we need to prove that the pumps we wish to procure with a sole-sourced subcontract are somehow different from and superior to other pumps available on the market and why these pumps are the only ones that meet our specific needs.
2. **There is unusual and compelling urgency.** If the project needs to issue a subcontract in response to an emergency situation or natural disaster, that would be considered proper use of this justification. This would most likely be an action dictated by USAID.

Please note that a follow-on activity to a previous subcontract cannot be sole sourced to an incumbent organization using a JOSS. (As you will see in Section 4.4.2, this is an acceptable justification for continuing a subgrant). For the US government, it is always important to make sure that you are getting the best value for the work being done. The US government feels that this is most successfully done when there is competition. Therefore, for a subcontract, the default is for competition. If you find that you are using a sole source justification for all of the subcontracts under your contract, then you may need to rethink the strategy, or ensure that the donor is fully aware of the situation.

In addition, you must thoroughly document the justification for sole sourcing a subcontract and obtain the necessary approvals from home office. If you are sole sourcing a subcontract, it is important to get approval from the PMU before going to the next steps in the process. The format for justifying a sole source subcontract is located in Annex 4B.

4.4.2 Sole Source Justifications for Subgrants

The justifications below are the most common reasons used by Fintrac to sole source a subgrant³:

- 1) **The subgrant has an estimated value of less than \$150,000 and duration of no longer than one year.** This justification has been called the "small grant" justification. It is not to be used when the purpose of the project is to make small awards. The intent of this justification is to be used once or twice during the life of a project.
- 2) **The subgrantee presents exclusive or predominant capability.**⁴ This means that the organization is the only one who can undertake the proposed activity.

² The other five justifications allowed by FAR 6.302 are: (1) Industrial Mobilization; Engineering, Developmental, or Research Capability; or Expert Services; (2) International Agreement; (3) Authorized or Required by Statute; (4) National Security; and (5) Public Interest.

³ Other reasons (possible justifications) are listed under ADS 303 (<http://transition.usaid.gov/policy/ads/300/303.pdf>) and include: limited competition for efficiency; new entrants; congressionally mandated programs; critical objectives of the foreign assistance program; unsolicited applications; science and technology and innovation; location competition; and transition awards.

This justification can be used if:

- a) **There are proprietary resources involved.** An example of the proper use of this justification is when you want to introduce a new type of diesel pump to farmers, and that pump is patented by a local organization and not available elsewhere. To use this justification, you have to prove that the resource being requested is the only one available that meets your specific requirements or is of an improved quality when compared to similar products on the market. If we take our diesel pump example, you need to prove that the pumps you wish to work with in the sole-sourced subgrant are somehow different from and superior to other pumps available on the market and why these pumps are the only ones that meet your specific needs.
 - b) **You can prove specialized facilities or technical expertise.** An example of the proper use of this justification is if you wanted to promote smallholder outgrower supply for a tomato processing activity, and there is only one company in your country with existing tomato processing facilities and experience. In this situation, it would be justified to sole source a subgrant with that company to undertake the activity. To use this justification, you have to be able to prove that they are the only organization available with the specified facility or experience. You also need to be able to prove that it is not beneficial to partner with a start-up company to develop the facilities or experience.
 - c) **You can demonstrate an existing and unique relationship with the cooperating country or beneficiaries.** An example of the proper use of this justification is if the project wished to link smallholder suppliers to a large flower producer/exporter in a specific region of the country in which the project is working. If there was a commercial farming enterprise already working in that region with those smallholder farmers that the project wanted to assist, you could sole source a subgrant to the group under this justification. To use this justification, you have to be able to prove that the subgrantee has an existing and unique relationship with the beneficiaries when compared to other potential subgrantees in the area.
- 3) **The subgrant is in response to emergency or disaster relief and/or assistance.** If the project needs to issue a subgrant in response to an emergency situation or natural disaster, that would be considered proper use of this justification. This would most likely be an action dictated by USAID.
 - 4) **The subgrant is a follow-on or extension of a previous subgrant activity.** The proper use of this justification is if a follow-on award is issued to a subgrantee to undertake activities that are the same or very similar to activities that they completed under a previous subgrant award that expired within the last year. A follow-on subgrant can also be issued if it is a logical expansion of activities undertaken during a previous subgrant award. An extension is an

You may not use this justification if the original subgrant was not competed due to the “small grant” justification.

⁴ Note that you may not use this justification if: (a) the recipient developed the exclusive or predominant capability under a previous grant agreement funded by the project; or (b) the recipient has received a previous sole-sourced subgrant through the “small grant” justification.

amendment to increase the total amount of an existing award – usually to expand the SOW or to expand the timeframe of the award.

You must thoroughly document the justification for sole sourcing a subgrant and obtain the necessary approvals. The format for justifying a sole source subgrant is located in Annex 4A.

4.4.3 Justifications NOT Considered Sufficient to Issue Either Sole Source Subgrants or Subcontracts

Below are some commonly proposed justifications that are not considered sufficient justification for a sole source award:

- ◆ **Lack of planning.** Lack of planning on Fintrac's part (i.e., we do not have enough time to go through a full and open competition process) is NOT sufficient justification for issuing a sole source subaward.
- ◆ **Concerns about the amount of funds available.** The project is coming to a close, and you still have some unspent and unobligated funds available that you fear will be lost unless you use them is NOT sufficient justification for issuing a sole source subaward.
- ◆ **Continuing Relationships.** You have worked with a potential subawardee in the past is NOT a justification to sole source them a new subaward (unless the mechanism is a subgrant and the conditions of justification #4 under Section 4.4.2 are met).

Step 5: Define the Criteria and Evaluation Process

The criteria for eligibility and the evaluation process should be determined **before** the issuance of an EOI or RFA/RFP. This step must be done for Full and Open Competition, EOIs, and Targeted Solicitation. It does not need to be done if you determined in Step 4 to do a sole source.

The eligibility criteria should reflect the needs of the project, the objective of the solicitation, and the environment in which the project exists. For example, if you only want to fund private companies, then you should state that in the beginning. If you know that a country does not register non-profit entities or if the process is arduous, then do not require that all submissions be from registered organizations.

Criteria should be simple facts about an organization that are easily verifiable. Here are some examples:

- Registered with local authority or national ministry
- Office located in area where you want to work
- Past performance in the technical area for which you are issuing a subaward
- Threshold for amount of funds previously handled
- Experience with USAID donor regulations
- Suppliers or customers are target beneficiaries

The evaluation process should include the way Fintrac will determine who should receive funding. Evaluation criteria should match the expectations for the SOW. Is it a procurement for equipment? Then price and delivery time might be the only evaluation criteria. Are you looking for innovative ideas? Then the technical portion might have more weight than the financial or past performance sections. The technical team needs to be clear on its expectations, so that offerors can tailor their applications and proposals to meet project needs.

a) **Overall evaluation method.** In different types of acquisitions, the **relative importance of cost or price** may vary. For example, in acquisitions where the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may play a dominant role in source selection. The less definitive the requirement, the more development work required, or the greater the performance risk, the more technical or past performance considerations may play a dominant role in the evaluation.

In some cases, the most appropriate evaluation method may be selecting the offeror that provides the **lowest cost, technically acceptable** proposal. This is particularly applicable when the solicitation is to provide technical equipment and for which clear minimum specifications have been requested. All offerors that meet the solicitation's specifications would be eligible for award, and, of those, the offeror with the lowest price would be selected.

In many cases, however, a **tradeoff process** may be more appropriate (i.e., when it may be in the best interest of the project to consider awarding to other than the lowest priced offeror or other than the highest technically rated offeror). When using a tradeoff process, the following apply:

- 1) All evaluation factors and significant subfactors that will affect contract award and their relative importance shall be clearly stated in the solicitation.

- 2) The solicitation shall state whether all evaluation factors other than cost or price, when combined, are significantly more important than, approximately equal to, or significantly less important than cost or price.

This process permits tradeoffs among cost or price and non-cost factors and allows Fintrac to accept other than the lowest priced proposal. The perceived benefits of the higher priced proposal shall merit the additional cost, and the rationale for tradeoffs must be documented.

- b) **Main technical evaluation criteria and relative importance of each.** Based on the SOW, and in conjunction with the technical team, specify the main criteria (and subcriteria) that will be used to evaluate proposals. The evaluation criteria and subcriteria should be the most significant factors that would likely determine whether an offeror will be able to meet or exceed activity requirements and targets. For clarity, it is generally preferred to use a point system (e.g. specific maximum points are assigned for each subcriteria) rather than an adjectival system (e.g. outstanding, better, acceptable, marginal, unacceptable).
- c) **Main cost evaluation criteria (and subcriteria) and relative importance of each.** In all cases, cost proposals should be evaluated on cost realism, completeness, and reasonableness.⁵ In some cases, cost is not actually assigned a specific point value and its relative importance is stated in (a) above (i.e., are significantly more important than, approximately the same as to, or significantly less important than technical factors). When the lowest cost technically acceptable proposal is determined to be the best means to evaluate offerors' bids, the price still should be evaluated for realism, completeness and reasonableness.
- d) **Identification of who will comprise Fintrac's Technical Evaluation Committee (TEC).** Conflict of interest and non-disclosure forms should be signed by each person involved with the solicitation. TEC members should be chosen that have the technical capacity to evaluate the proposed activity, and should almost always include senior project management. The Subawards Manager should lead the meetings and coordinate the overall process, and therefore not vote on the technical merits of proposals. The size of the TEC should be reasonable – generally three to four members are sufficient.
- e) **Description of method to be used for the technical evaluation.** For example, will the technical evaluation process involve individual (independent) scoring evaluators followed by averaging of individual evaluator scores to determine ranking? Or, will individual evaluations be followed by an evaluation meeting of all evaluators to determine consensus scores and final rankings based on those consensus scores?

The answers to the above questions should be documented in the solicitation file. Some of the information must be included in the RFA/RFP prepared in Step 6. Other information, such as the participants in the TEC, should be information that is kept internally, and not available outside Fintrac.

⁵ Cost realism is defined as the offeror's ability to project costs which are realistic for the work to be performed; reflect a clear understanding of the requirements; and are consistent with the offeror's technical capacity.

Step 6: Prepare the Request for Proposals or Request for Applications

If you are planning on awarding a subcontract, then a RFP should be prepared. If you are awarding a subgrant, then a RFA should be drafted. These are not arbitrary language distinctions, but the differences emphasize whose idea the SOW will be. For the RFP, clear guidelines are outlined and controlled by Fintrac. For an RFA, the way to achieve the work can be left to the potential applicant to describe. There is more flexibility in how the subrecipient reaches the targets and objectives. The main components of an RFA/P are given in Figure 6.1.

FIGURE 6.1: MAIN COMPONENTS OF AN RFA/RFP		
Section	Info Included	Comments
Overview	Date of RFP/RFA and RFP/RFA #	
	Name of activity and brief summary	Include the purpose of the activity.
	Type of contracting instrument anticipated	e.g., subgrant, subcontract
	Type of payment mechanism, if determined	Fixed price, cost reimbursable
	Due date and time; required delivery method	Delivery method should preferably be via email (although may be hard copy but state delivery location); date and time must be respected.
	Main Fintrac contact point to ask questions on the solicitation (with email contact)	If possible, email should be the preferred contact method to ensure proper documentation.
Background & SOW	Background on activity	Short section detailing why the activity is necessary.
	Performance location	If the activity is limited to specific regions, state them.
	Estimated start date and estimated duration of activity	Expected date of award and program duration (in years or months). Be realistic on how long it will take to review and award.
	Detailed and clear SOW for activity	Provided by technical management, although Subawards Manager should ensure that the SOW is clear and unambiguous.
	Staffing requirements (if applicable)	If specific individuals are required (e.g. agronomists), state them along with minimum qualifications.
	Expected deliverables (including reports) and results (with indicators); expected timing should also be included.	Results and indicators should be tied into the project's overall goals and indicators.
Instructions for Proposal Preparation	Proposal due date and time	Proposal due date and time must be respected; any extensions must be publically announced via an amendment.
	Delivery method	By electronic means (e.g. email), hard copy, or both.
	Required file format(s) if email submission required	Examples: MS Word, MS Excel, PDF

FIGURE 6.1: MAIN COMPONENTS OF AN RFA/RFP		
Section	Info Included	Comments
	Maximum page length and formatting requirements (e.g. font, font size, margin size, etc.) for technical proposal	The more specific instructions, the more work it is to verify that offerors meet the specifications. Be reasonable!
	Instructions on presentation of technical proposal	Generally should follow the technical evaluation criteria (with an executive summary at the beginning).
	Instructions on requirements for cost proposal	To make it easier to evaluate cost proposals, provide a template with major cost categories that offerors should follow; require cost notes and other documentation as needed (e.g. financial statements). Cost submissions should be certified.
	Required annexes (and whether they count towards the page limit)	Examples include past performance references; CVs; financial statements; forms required by Fintrac or USAID (provide forms as an annex).
	Location where amendments or Q&A on the solicitation may be posted	Generally a Fintrac website page; RFP should state that it is their responsibility to check location for any amendments.
Evaluation Criteria	Description on how overall technical and cost will be evaluated	See Step 5
	The technical evaluation criteria and points for each criteria and subcriteria	See Step 5
	Cost evaluation criteria	See Step 5
Annexes (as required)	Forms that offerors are required to complete and submit with their proposals	Examples may include: biodata form, subawardee information sheet, required US government certifications.

The RFA/RFP should be prepared by the field Subawards Manager with input from a senior technical manager and the COP, or their designate. Input and support from the PMU is encouraged at this step. The final version before publication needs to be approved by the COP. Check the prime award to see if USAID must approve the RFA/RFP before publication. If so, it should be submitted at this point to USAID for review and approval.

Step 7: Procure Proposals

7.1 Advertising and Issuing Solicitations

Fintrac's preferred means is to issue solicitations that encourage the greatest amount of competition from the targeted organizations. If possible, using electronic means such as posting on a Fintrac website for downloading or via request by email is the easiest to manage; however, it depends upon the situation in the field.

To encourage the greatest number of offerors, the availability of the solicitation should be advertised by one or more of the following methods:

- ◆ Advertising through public media (generally print) of the procurement opportunity, including requests for EOIs from potential suppliers.
- ◆ Posting notices on the home page of the project website.
- ◆ Directly contacting organizations known to Fintrac that offer the services or goods being procured.
- ◆ Informing relevant trade/industry associations and counterparts (verbally or by email) of the solicitation and asking them to inform their membership of the opportunity.

Hard copies of solicitations should also be made available on request. In all cases, the Fintrac person responsible for the management of the procurement (generally the Subawards Manager) should maintain a list of those organizations that have requested the solicitation along with the main contact point and email address to which any amendments or other communications should be sent.

If solicitations are issued via a Fintrac website, it is best to include an online form for completion by interested offerors to request that a solicitation be sent to them via email so Fintrac can track who receives the RFP/RFA and be able to email all possible offerors that have requested documents to be sent any future amendments (including any answers to potential offerors' questions).

7.2 Communication During the Solicitation

It is extremely important that all offerors receive the same information regarding a solicitation in order to ensure that no one offerer is given an advantage over others. The integrity of the competitive process is based on the fact that each organization is given an equal chance to respond and the same exact same information as the others. Therefore, it is important that all staff is made aware of the confidentiality of the process. It can be useful to designate one person as the point of contact for all communication and questions, which alleviates other staff from the possibility of inadvertently offering an advantage to one respondent.

If the solicitation allows potential offerors the opportunity to submit questions on the solicitation, the questions and the answers must be provided to all potential offerors. This can be done by an amendment or as an attachment to the solicitation. Any responses should not identify the potential offerors that have submitted questions.

7.3 Amending the Solicitation

Often, we discover after a solicitation is posted that there are aspects that need to be clarified, or that conflicting information exists within the document. All of these issues can be fixed through an amendment. When making amendments, it is important that the amendment is widely distributed in the same manner the solicitation was distributed.

When Fintrac changes its requirements, terms or conditions, the solicitation must be amended. Amendments made before the established time and date for receipt of proposals shall be issued to all parties that have received the solicitation (if we have a list of all those that have received it).

If, in the judgment of Fintrac, based on market research or otherwise, an amendment proposed for issuance is so substantial as to exceed what prospective offerors reasonably could have anticipated, or that additional sources might have submitted offers, then Fintrac will need to cancel the original solicitation and issue a new one, regardless of the stage of the acquisition.

This is the minimum information required to be included in any solicitation amendments:

- Name and address of the Fintrac office issuing the solicitation
- Solicitation number and date
- Amendment number and date
- Number of pages
- Description of the change being made
- Fintrac point of contact and phone number (and electronic or facsimile address, if appropriate)
- Revision to solicitation closing date, if applicable

7.3 Receiving and Handling Proposals

Deadlines and delivery instructions must be strictly adhered to when receiving proposals – i.e., be received by the deadline and by location, delivery mechanism and format specified in the solicitation or any amendments. Email submissions are preferred so as to have an automatic time “stamp” of receipt. However, if you know that the office receiving the applications tends to have connectivity or electrical issues, other means of delivery should be explored.

The person responsible for managing the solicitation process should do an initial review of the proposals to ensure they are responsive - which means they meet the solicitation’s basic requirements (received on time, page length, formatting, file type, required annexes, other required information, etc.). If a proposal has not followed basic requirements it is considered unresponsive and it should be excluded from consideration (with the reason for exclusion documented).

NOTE:

- ◆ If there are minor clerical mistakes or omissions in a proposal (e.g. obvious decimal misplacement, a form not signed, etc.) the proposal may be corrected as long as the error did not make them unresponsive originally. Always keep in mind this is a competition and should be fair to all parties without eliminating an organization because of a clerical error.
- ◆ All proposals should be safely stored upon receipt. At all times, proposals received must be safeguarded from unauthorized disclosure throughout the selection process.

Annex IA: Questions to Ask When Reviewing SOW

FIGURE I.1: QUESTIONS TO ASK WHEN REVIEWING AN SOW FOR COMPLETENESS

Overview and Objective(s)	<ul style="list-style-type: none"> • Is the overall purpose of the activity clear? • Is the objective(s) clear? • Is the summary of the proposed activity concise and clear?
Background	<ul style="list-style-type: none"> • Is there sufficient background information that justifies why the activity is needed? • Does the background include the proposed activity's relationship with the overall program's goals and objectives?
SOW	<ul style="list-style-type: none"> • Does the statement of work clearly define the objectives of the activity? • Are the required tasks to complete the activity provided?
Expected Deliverables & Results	<ul style="list-style-type: none"> • Are proposed output and results indicators and targets unambiguous, measurable, and verifiable? • Do proposed indicators tie into overall program targets and indicators? • Is there a time phased implementation plan for when deliverables are due? • Are any payments expected to be paid based on deliverables or other targets? If so, are they clearly defined? • Is a performance monitoring plan included that specifies how performance is to be measured? • Is reporting required? If so, what reports are required and when?
Recommended Staffing (and level of effort)	<ul style="list-style-type: none"> • If applicable, are key personnel and their position title(s) designated? • If there is a preferred staffing structure, are the various positions, quantities and minimum qualifications for each position defined? Are level of effort estimates provided for each position? • If there is no preferred staffing structure, is the statement of work clear enough for a bidder to propose a reasonable staffing structure and price the work?
Period of Performance	<ul style="list-style-type: none"> • When is the activity expected to commence? • What is the expected duration of the activity? • Is the timing and quantities for interim deliverables and results given?
Place of Performance	<ul style="list-style-type: none"> • If the activity is limited to a specific geographic region is it identified and clearly defined? • If the subawardee is expected to locate staff in specific locations are they identified?
Technical Direction	<ul style="list-style-type: none"> • What level of technical direction is envisioned by Fintrac personnel? • Who at Fintrac will be responsible for providing technical direction to the subawardee?

Annex 1B: Fintrac Example of SOW for 22 month Agriculture Extension Activity

I. Food Security and Agriculture Initiative:

a) Agriculture Value Chain Component: Rice Specialist Scope of Work

1. Provide technical assistance, training, and mentoring to two (2) rice cycles per year depending on the water availability, the Wet Season from April – December and the Dry Season from December to April.
2. Establish demonstration plot on the farm of each Lead Client.
3. Work with lead clients and client beneficiaries on demonstration sites. This is the core of the technical assistance, training and mentoring that the HARVEST program provides to lead clients and client beneficiaries, and comprises the majority of work of the rice specialists.
4. Provide training to Lead Client and Group Member in group extension training sessions of a maximum duration of 3 to 4 hours. Groups may be combined for training purposes.
5. Provide four group trainings and one (1) Lead Field-Day per crop season (wet and dry) where non-client farmers are invited and representatives from Commune Council, Local Government and Provincial and District Agriculture Office.
6. Visit each demonstration site at least once every two (2) weeks to check the demonstration site, collect necessary data, provide extension to the lead client and any other clients and farmers in the direct area.

b) Food Security/Agriculture and Nutrition Component: Specialist

Specific tasks to be undertaken by the contractor include:

1. **Clients per villages:** Each technician will be responsible for 3 villages with a maximum of 16 clients /village or 48 clients/ technician in total.
 - A maximum of ten lead demonstration clients
 - A maximum of six commercial horticulture clients
 - One health center if present
 - At least one school if available, and if no health center is present preferably two schools
2. **Mobilization activities:** In the initial month following contract effectiveness, the partner NGO will undertake a number of mobilization activities. These include: a) consultations with commune officials and introductory meetings in target villages; b) identify and sign up lead (demonstration) clients and client group members for the FS/A (inclusive of reference to the HARVEST social inclusion criteria for selecting clients, e.g., women, young people and poor households); c) identify and sign up the local school(s) as lead (demonstration)client(s); and d) identify and sign up lead (demonstration) clients and beneficiaries for the rice initiative. N.B. In some villages where HARVEST has already initiated activities, lead clients and beneficiaries may already be identified and signed up.
3. Home garden and school garden production: The FS/A technicians will provide technical assistance, training and mentoring at the three (3) lead client home

garden demonstration sites per village. These demonstration sites will be the training locations for all group member demonstration clients. Whenever possible the technicians will also give extension visits to the group members. School garden demonstration sites will be treated separately. There will be three to four planting cycles depending on the crops planted with each cycle lasting approximately four (4) months.

4. **Fruit trees:** The FS/A technicians will provide technical assistance, training and mentoring to improve fruit tree (papaya, guava, moringa, etc.) production; this work will occur intermittently over a 22-month period. A similar program will be conducted if the local schools want to establish small-scale plantings of fruit trees.
5. **Agriculture:** The FS/A technicians will provide technical assistance, training and mentoring for 3 to 4 crop cycles of commercial horticulture crops depending on the crops selected.
6. **Family nutrition for home garden and commercial horticulture clients:** The nutrition specialist will provide training and mentoring on family nutrition, including dissemination of information and practical activities to improve the nutrition of households using foods available from home gardens and low-input fish ponds. These activities will be scheduled on a monthly basis over the 22-month period.
7. **Post-harvest and storage:** The FS/A and Rice initiative will encompass technical assistance, and/or training and mentoring in the areas of basic post-harvest handling and basic storage practices. The post-harvest and storage assistance will be field and village based. The post-harvest storage work will be associated with the harvest of home garden produce.
8. **Farming as a business:** In response to interest from the home garden and commercial horticulture client groups, the FS/A technicians and nutrition specialists will collaborate with other HARVEST staff to provide technical assistance; training and mentoring to assist clients strengthen the income-generation and business aspects of their farms and home gardens. This may include assisting in the formation of producer/marketing groups, and establishing and/or identify new marketing strategies, farm record-keeping and other business development skills training and other related assistance. These activities will occur intermittently over the 22-month period.
9. **Nutrition at schools & health centers:** The nutrition specialist will provide training and mentoring to students/schools participating in the School Garden project on nutrition (3-4 sessions) and related activities such as garden record-keeping; and, will facilitate activities such as linkages with the World Food Program (WFP) breakfast program (where relevant) and other activities linked to the gardens. Similarly, the nutrition specialists will work with health center staff and clientele to promote family nutrition. Links between schools and health centers will be facilitated where relevant. These activities will occur intermittently over the 22-month period.

2. Aquaculture/Fisheries and NRM/Forestry Components:

a) Aquaculture and Fisheries Component: Specialist Scope of Work

1. Conduct regularly scheduled site visits to Partner Clients and Lead Clients and clients

- to provide information/education and technical advice on best management practices for specific livelihood activities and assist those Clients to reach out to as many other beneficiaries as possible.
2. Assist Partner and Lead Clients as well as clients to troubleshoot problems and identify practical solutions to improve household management practices for aquaculture- and fisheries-related livelihood activities.
 3. Assist the HARVEST staff in the identification of new Lead Clients and clients
 4. Coordinate and implement Field Days that promote specific management activities to a large audience.
 5. Coordinate and implement specific technical training events to educate/teach about best management practices on aquaculture- and fisheries-related livelihood activities (e.g., pond/cage aquaculture, community fisheries management, etc.).
 6. Assist in close monitoring and evaluation of project activities and results through the standardized HARVEST M&E system.
 7. Submit weekly updates and monthly work plans on a regular basis as and when required by HARVEST staff.

b) NRM/Forestry Component: Forestry Specialist

Specific tasks to be undertaken by the contractor include:

1. Conduct regularly scheduled site visits to Partner Clients and Lead Clients to provide information/education, transfer technologies and technical advice on best management practices for specific livelihood activities and assist those Clients to reach out to as many other beneficiaries as possible.
2. Assist Partner and Lead Clients to troubleshoot problems and identify practical solutions to improve household management practices for fisheries and forest- related livelihood activities.
3. Assist the HARVEST staff in the identification of new Lead Clients and Partner clients for expansion of project sites.
4. Coordinate and implement Field Days that promote specific management activities to a large audience.
5. Coordinate and implement specific technical training events to educate/teach and transfer technical knowledge about best management practices on aquaculture- and forest-related livelihood activities (e.g., NTFP production and marketing, agro-forestry production, tree nursery management, forest restoration, etc.).
6. Assist in close monitoring and evaluation of project activities and results through the standardized HARVEST M&E system.
7. Submit weekly update and monthly reports and work plans on a regular basis as and when required by HARVEST on a timely manner.

3. Deliverables for all technical components

a) Work Plan

Dating from contract signing, the partner NGO will submit

- a) a draft work plan within one (1) month defining activities and schedules for implementation of activities in the villages where the partner NGO will deploy staff; and,

b) a final work plan within two (2) months refining activities and schedules based on initial contacts in villages. As required, the partner NGO in conjunction with Cambodia HARVEST will conduct a review of the work plan following an initial period of implementing field activities and submit within six (6) months a revised work plan including justifications for changes to activities and/or schedules.

b) M&E Reports

Starting from the deployment of staff to villages, the partner NGO coordinator will enter data on all activities carried out during the previous month into an excel document, and provide it to HARVEST M&E staff. This will include:

- c) Training and technical assistance conducted;
- d) Extension visits to demonstration and non-demonstration sites;
- e) Weekly progress report on activities, new technologies implemented, crops planted and harvested, sales, etc.
- f) Training, technical assistance and extension visits related to Lead and Group Clients;
- g) Monthly meetings conducted with FS/N clients for family nutrition education and/or cooking demonstrations, post-harvest management training, producer group/marketing or other activities;
- h) Training, technical assistance and extension visits to school gardens or other work with local schools on tree planting, etc.; and,
- i) Field days, special events or other activities conducted with clients and/or other residents in villages.

The organization of the M&E data will follow instructions and training provided by the Cambodia HARVEST M&E staff.

c) Field days/training events

The NGO technicians will collaborate with Cambodia HARVEST staff to organize at least 4-6 field days/training events per village spread over the course of the 22 -month period (average of 1 every 2 months) or based on specific component requirements. The topics for field days/training events will be decided in consultation with Cambodia HARVEST staff.

These events may target a single village and/or may involve participants from several villages.

Some of the implementation strategies may include:

- A field day/training event that targets households in one village: target of 25-50 participants.
- A field day/training event that targets the local school(s) and parent-teacher association as well as households in one village: target of 100 participants minimum.
- A field day training event that targets households from 3-4 Cambodia HARVEST villages in a commune: target of 100 participants minimum.

d) Special events of the FS/A Initiative

In each village, the FS/A and School Garden projects will combine to organize 1 special event per village over the course of the 22-month implementation period. These events will focus on home gardening/agriculture and/or family nutrition. They may be unique to a particular village or they may involve the combined participation of 2 or more villages in a commune.

The topics for special events will be decided in consultation with the Cambodia HARVEST FS/N coordinators. Cambodia HARVEST will assume costs for the event, though NGOs will have to participate in the planning.

The proposal should be submitted to Cambodia HARVEST by 10 January 2014 at 11AM, and addressed to:

Annex I C: Fintrac Example of SOW for Video Series

Context

At the core of the HARVEST program are field-based, participatory methods used by our technicians to work directly and over extended periods with the rural households, micro and small enterprises, and local institutions that are our clients and beneficiaries. With farmers cultivating rice, cash crops, or home gardens, as well as with households engaged in pond aquaculture, for example, we use demonstration sites to conduct training, introduce new technologies, and demonstrate good practices. Each demonstration site is used to train small groups of people; our technicians make regular visits to each site at least once a week.

At other times, HARVEST specialists will organize more formal trainings, for instance, when the 25-30 people in each village participating in the HARVEST food security/nutrition initiative gather together to learn about family nutrition or watch cooking demonstrations on the preparation of healthy family meals; or, when we conduct training for input suppliers on proper use of agro-chemicals and pesticides. The HARVEST program also regularly holds field days and special events where as many as 100 villagers may participate in a demonstration of new technologies or good practices; we meet and work with the management committees of the fisheries and forestry communities that participate in HARVEST; and, we frequently hold consultation and information meetings with local authorities and community institutions.

This field-based, participatory approach is conducive to the HARVEST objective to transmit practical, usable information on new technologies and best practices to assist farmers, fishers, and others to improve inputs, increase production, strengthen post-harvest management, and expand opportunities for value-added processing and marketing. Curricula are developed to guide training and TA activities for different technical areas, comprised of separate modules that represent the key components of the technology transfer and learning by HARVEST clients.

Scope of consultancy

The HARVEST program requires the services of qualified individual(s) and/or organization(s) (the contractor) to develop and produce several series of short videos to present different modules of the technical information that constitutes the basis of the training and technology transfer provided by HARVEST to the direct and indirect beneficiaries of the program.

This RFP constitutes a RFP for an initial phase in the development of a program of HARVEST technical video series. In this initial phase, the contractor will provide the following:

- The production, including pre-testing of one series of seven or eight short videos in Khmer encompassing the training modules on fish farming using low-input fish ponds.
- The development of a detailed proposal for production of another series, including scope, costs and schedules, and incorporating contractor experience and lessons learned from the series on fish farming to propose innovative, cost-effective ways to expand the availability of technical videos.

Based on the success of the low-input fish farming series and the detailed proposal for future series, HARVEST will extend the agreement with the contractor to produce another series on different topics.

Purposes of HARVEST technical video series

In the case of the series on low-input fish farming, as well as in general, the purposes of the HARVEST technical video series are:

- To present and transmit technical information in a manner that is clearly understood, practical and readily useable by Cambodian farmers, fishers, and other people engaged in agriculture, aquaculture, or natural resource management, depending on the subject of the video series.
- To provide “tools” to be used in conjunction with HARVEST training in workshops, at demonstration sites or during field days, but that are also to be amenable for use in other venues. This may include, for example, on the internet (e.g. HARVEST website, YouTube), on TV (as “spots” or as “shorts” integrated into a longer program), or as part of a mobile media campaign visiting villages.
- Each video can be used as a “stand alone” while, at the same time, the presentation of the entire series communicates in a consistent and effective manner.
- To transmit technical information in ways that captures the interest of rural Cambodians at the same time that they reflect and respect cultural and social conditions. Among other factors, consideration should be given to the fact that most viewers work in the area(s) being discussed; effective communication using humor and other means; literacy and education levels of most viewers; and, the fact that viewers will include men and women, as well as people of different age groups.
- To introduce innovative and cost-effective ways to develop and disseminate technical information including, for example, the use of animation, translation of storyboards into comic books, etc.

Target audiences for HARVEST technical videos

The principal audiences for the HARVEST technical videos will be:

- The lead clients and clients that the HARVEST team works with directly. Lead clients are the people and households that volunteer some or all of their agricultural land, fish pond, home gardens, etc., as demonstration sites. Clients are the people and households who, together with the lead clients, participate over a number of months in an intensive program of training and technical assistance that focuses on work in the demonstration sites. They may also include local input suppliers, community fishery and forestry organizations, micro-enterprises, community-based organizations, and NGOs that are clients and/or working directly with HARVEST.
- Members of the rural communities where HARVEST activities take place, who may participate intermittently in field days and other events, and constitute indirect beneficiaries of the HARVEST program.
- Indirect beneficiaries include many of the same types of people, households, and organizations as those who are lead clients/clients of HARVEST. They may also include local authorities at village, commune, and district levels; community institutions (commune council, schools, clinics); and, local and provincial government technical officers.

Moreover, in general, the HARVEST video program is targeting people, micro-enterprises, organizations, and institutions in rural communities in Cambodia who are engaged in agricultural value chain development and natural resource management.

Methodology and approach

The HARVEST team would like to build a collaborative working relationship with the contractor for the development of the initial and subsequent video series, and will provide support to the contractor to fulfill the responsibilities for production of the videos.

Contributions of HARVEST team

The HARVEST team will support the contractor in a number of ways, namely:

- Relevant HARVEST technical staff will provide briefings and technical content for each of the videos in the series. Through transmittal of written materials, working sessions with contractors and, as necessary, facilitating field visits for contractors to demonstration sites, HARVEST technicians will contribute to a) defining the topic and technical scope of videos in each series and b) the technical information to be disseminated.
- HARVEST technical staff will review the concept paper and, subsequently, the scripts/story boards developed for the series of video (see below); and, recommend revisions (as required). HARVEST technical staff will approve the technical accuracy of the scripts/story boards before production is started.
- The HARVEST team will assist the contractor in identifying locations (e.g., demonstration sites) and resource people (e.g., lead clients/clients), as relevant for a) pre-testing of materials and b) production of the videos; and, will facilitate the process of obtaining necessary filming permits, consent forms, etc.
- The HARVEST team will give approval for public screenings of the videos, if relevant.

Tasks to be undertaken by contractor

The contractor will be responsible for the following tasks:

- The preparation of a brief concept paper to define a series of seven to eight short videos presenting techniques of low-input fish farming. The concept paper should be prepared in English. This concept paper will be prepared in consultation with HARVEST fisheries specialists and will outline: a) the topic, technical scope and proposed length of each video in the series; b) recommended production methods, taking into consideration the proposed uses of the videos as well as HARVEST interests in innovative, cost-effective, and culturally relevant approaches; c) detailed analysis of production requirements and costs. The concept paper will be agreed with HARVEST prior to subsequent work on the contract.
- The preparation and pre-testing of a script and/or story board for each of the videos in the series. The script/story board will distill the technical information provided by HARVEST into a presentation of the agreed duration. A draft version will be prepared in English for initial review and agreement by HARVEST. Following HARVEST agreement to the draft version, pre-testing will be conducted in communities where the HARVEST program is active. It will be based on Khmer-language materials and/or presentations, and will encompass the approaches to a) the technical information being presented and b) the manner(s) in which it is communicated. A final script/story board will be approved by HARVEST prior to beginning production.
- The production and pre-testing of high-quality videos, based on the approved scripts/ story boards. The videos produced should be ready for immediate use, including any sound-mixing, editing or other required post-production operations. N.B. The media and minimum quality standards for the videos will be agreed as part of the concept paper (recommended production

methods), although interested bidders are invited to make preliminary recommendations in their proposals.

- The development of a written and proposal for innovative, cost-effective approaches to the preparation of other series of technical videos. The proposal will be based on discussions with the HARVEST team about the themes of other series of technical videos and will incorporate the contractor's experience and lessons learned from the initial video series to provide the HARVEST team with detailed recommendations for the scheduling and costs associated with this endeavor.

Deliverables and schedule

The contractor will deliver the following:

- A concept paper, to be prepared in English within three weeks of contract effectiveness. HARVEST will facilitate this phase of the consultancy by a) providing relevant written materials, b) arranging meetings with relevant technical staff in a timely manner and c) reviewing and responding to the concept paper within one week of its submission.
- Draft scripts/story boards for the agreed number of technical videos in English within eight weeks of contract effectiveness. HARVEST will facilitate this phase of the consultancy by a) providing final technical information on which videos are to be based by or before the date at which the concept paper is submitted and b) reviewing and responding to the draft script/story boards within one week of their submission.
- Pre-testing and finalization of all scripts/story boards in Khmer within twelve weeks of contract effectiveness. Prior to completion of the contract, the contractor will provide HARVEST with a written script for all videos, as well as originals of any story boards that are produced. HARVEST will facilitate this phase of the consultancy by assisting the contractor to organize the pre-testing (identification of communities, permissions, etc.) by or before the date at which the draft scripts/story boards are submitted. In the event that the contractor has negotiated permissions or consent forms, all original, signed documents will be provided to HARVEST.
- Production of seven to eight high-quality Khmer-language videos including all post-production work within 20 weeks of contract effectiveness. The contractor will deliver to HARVEST a) an original master and two copies of each video in the series and b) all raw footage taken during the production of the videos. HARVEST will facilitate this phase of the consultancy by assisting the contractor to make arrangements for filming and other work in the field (identification of communities, permissions, etc.) by or before the finalization of the scripts/story boards. In the event that the contractor has negotiated permissions or consent forms, all original, signed documents will be provided to HARVEST.
- Preparation of the proposal in English for future series of technical videos within 22 weeks of contract effectiveness.

Annex ID: Example of Detailed Technical Specifications for Goods

Example of Specifications for 0.7-ha Drip Irrigation Systems under “Technology Fund Procurement”

Quantity:	400 systems (each for 0.7 hectare)
Delivery:	Specify availability in days from when award is made.
Local availability:	To be eligible, participating companies must have local retailers (proposal should include list and locations of local retailers).
Transportation and delivery:	Quotes must include transportation, delivery and unloading to warehouse in Comayagua.
Other:	All PVC equipment must have UV protection.
Minimum required specifications per system:	<ul style="list-style-type: none"> • Drip Tape <ul style="list-style-type: none"> ○ 4,600 meters (+/- 5%) ○ 8 mm thickness ○ 16 mm diameter ○ Droppers of 15 cm to 35 cm ○ Discharge of 0.5 to 1.6 Lph • Filter (rings 51 mm, flow rate 14 to 28 m³/hr of 150 mesh or more if recommended by the manufacturer of the drip tape) • Flow Meters (from 2.0 to 20.0 liters per minute, transparent polycarbonate) • Glycerin Pressure Gauge 0-30 psi • PVC Glue (1/4 gallon) • PVC pipe of 76 mm (3 ") SDR 41 (sets of 6 m) • PVC Pipe 51 mm (2 ") SDR 41 (sets of 6 m) • "T" PVC of 51 mm (2 ") (SCH 40) • PVC Reducer 76 mm (3 ") to 51 mm (2") (SCH 40) • PVC Reducer 51 mm (2 ") to 25 mm (1") (SCH 40) • PVC male adapter 51 (2 ") mm (SCH 40) • PVC Female Adapter 51 mm (2 ") (SCH 40) • PVC Female Adapter 51 mm (2 ") to 25 mm (1") (SCH 40) • PVC female plug 48 mm (2 ") (SCH 40) • Bronze Gate Valve 51 mm (2 ") • Air valve 25 mm (1 ") • Connector PVC packing tape (with valve) • Polyethylene hose 16 mm x 0.89 mm / 56 psi, 20 meters • Sand Filters

Annex 2A: Sample Independent Price Estimate

Example for "Simple" Procurement (Drip Systems)

	Sources					Average
	Online Catalogue at xxx.xxx.com	Local Supplier Phone Quote (xxx)	Local Fabricator Phone Quote (xxx)	Fintrac similar procurement Feb 2012 (Offeror #1)	Fintrac similar procurement Feb 2012 (Offeror #2)	
Individual Elements (.7-ha system)*						
Drip Tape	458			477	430	455
Filter	86			72	72	77
Flow Meters	38			35	40	38
PVC Pipes	177	130		122	155	146
Pressure Gauge	85			72	78	78
Other adaptors/valves/supplies	120			133	122	125
Sand Filter			275	300	325	300
Total Estimated Cost for .7-ha system						1,219
Total estimated cost for 400 systems						487,467
Total with estimated volume discount of 7% ** (FINAL INDEPENDENT COST ESTIMATE)						453,344

* For each item, specifications are closest to those listed in SOW/specification for 0.7-ha system.

**Volume discount based on average of similar discounts offered by local suppliers under similar purchases.

Annex 2B: Sample Independent Price Estimate

Description	Sub-Budget Item	Budget Est.
Salaries (S)	Technicians	
	Liaison Officer (1)	14,300
	FS/A Technician Team Leader (5)	57,750
	Nutrition Specialist (1)	11,550
	Rice Technician (2)	23,100
	Forestry Technician (3)	34,650
	New staff (rice, forestry, nutrition and FS/A) (6)	66,000
	Sub-Total Salaries (1)	207,350
Equipment/ Freight (EF)	Computer (Laptop)	4,900.00
	Desk (3 x \$195)	840.00
	Chair (3 x \$55)	385.00
	Sub-Total Equipment (2)	6,125
Travel & Transport	Domestic Ground Transportation	1,666
	Sub-total TT costs (3)	1,666
	Per-diem	
Allowance	Per-diem for outside province (\$25/Day x 11 Persons x 2 Days x 3 Times)	2,975
	Sub-total Per-diem costs (4)	2,975
Other Direct costs	Communications/Delivery (ODC12) (\$15/Month 11 paxs x 6 Months)	5,940
	Reproduction Costs (ODC14) (Photocopying, etc.) (\$50/Month x 6 Months)	1,320
	Legal & Customs Costs, Visas, Bank Fees (\$30/Months x 6 Months)	660
	Expendable Supplies (ODC16) (\$80/Months x 6 Months)	1,320
	Motorcycle Fuel cost (ODC18) (3Liters/Day x \$1.3 x 22 Days x 10 Persons x 6 Months)	8,910
	Use owned motorbike for Nutrition Specialist	18,018
	Motorcycle Maintenance cost (ODC18) (\$10/Motor/Month x 10 Motors x 6 Months)	2,200
	Moto Insurance	2,000
	Subtotal: Other Direct costs (5)	40,368
	Total (1)+(2)+(3)+(4)+(5)	258,484
	Sub-total Personnel and operation	297,257
Agriculture	Nutrition training activities (20 trainings x \$182)	3,780
	Cooking activities (90 trainings x \$20)	2,700
	School garden Field Day (3field days x \$200)	1,500
	Horticulture Field Day (90 trainings x \$113)	8,136

Description	Sub-Budget Item	Budget Est.
	Rice Field Day (90 training x3technicians x \$75)	16,750
	Group training for rice/on farm training	6,700
Existing sites	Training on community forestry development process (5 CFs)	1,350
	CF management planning (3 CF)	8,553
	Silviculture training and practices (3 CFs)	3,615
	Basket-making training.	6,720
	Materials for training (fertilizers,.....)	580
New sites	CF legalization process (2 CFs)	2,600
	CF management planning (2 CFs)	5,490
	Silviculture training and practices (1 CF)	1,200
	Basket-making training for 20 groups	9,900
	Bamboo planting 2 demo site	6,630
	Boundary demarcation with concrete poles	704
	Bamboo planting in CFs (20ha) [training, transportation, planting and take care)	5,520
	Development of NTFP Processing Federal	2,550
	Materials for training (handouts, pens)	700
Total FS/A & Forestry Activities		95,678
Grand Total		354,162

Annex 3A: Choosing the Correct Type of Subaward

- ✓ Use the worksheet below to help you in your decision process.⁶ Note that the questions (and their answers) are simply guides to choosing an appropriate instrument.
- ✓ The answers for each individual question are not set in stone – e.g. if the funded activity will continue after Fintrac funding, a subgrant is *likely* the most appropriate mechanism but is not *definitively* the most appropriate mechanism.
- ✓ If answers to the questions all have the same answer (i.e. either subcontractor or subgrant) then that instrument is *likely* to be the most appropriate instrument.
- ✓ However, it is highly probable that answers may conflict (i.e. some indicating that a subcontract may be more appropriate, while others indicating a subgrant may be).

CHOOSING BETWEEN A SUBGRANT AND SUBCONTRACT WORKSHEET			
		Yes	No
Benefit or Use Test	Is the project (through Fintrac) the direct beneficiary or user of the activity?	Subcontract	Subgrant
	Is Fintrac providing the specifications for the activity?	Subcontract	Subgrant
	Is Fintrac having the activity completed based on needs that it has identified?	Subcontract	Subgrant
Support or Stimulation Test	Is the applicant performing the activity for its own purpose?	Subgrant	Subcontract
	Is Fintrac merely supporting the activity with financial or other assistance?	Subgrant	Subcontract
	Is the activity's benefit to the project (Fintrac) incidental (i.e. does the activity simply compliment the project's mission)?	Subgrant	Subcontract
Fintrac Test	Is the recipient contributing a cost-share? (As cost-share may illustrate the fact that the recipient is receiving substantial benefit from the activity; presumably a subawardee would only be willing to invest its own resources if it is in some way substantially benefiting from the activity.)	Subgrant	Subcontract
	Did Fintrac propose the activity and prepare the SOW?	Subcontract	Subgrant
	Does Fintrac want substantial control over activity implementation (i.e. direction of recipients work under the subaward)?	Subcontract	Subgrant
	Did the potential recipient approach Fintrac with the idea/activity and/or the objectives for the activity? (If the recipient established the need for the activity or came up with the idea for the activity, it <i>may</i> mean that the recipient will substantially benefit from the activity.)	Subgrant	Subcontract

⁶ The Benefit/Use and Support/Stimulation Tests are variants of similar questions used by EPA; the "Fintrac Test" includes more specific questions relevant to typical Fintrac subawards.

CHOOSING BETWEEN A SUBGRANT AND SUBCONTRACT WORKSHEET			
		Yes	No
	Is the activity for a one-off deliverable (e.g. a report or a study)?	Subcontract	Subgrant
	Not counting payment for services, is the recipient getting the most immediate direct benefit from the award? Are most of the funds going to support the recipient's own business or undertakings rather than that of the project? Examples may include: purchase of equipment for the benefit and immediate ownership of the recipient; funding organization staff or other expenses that are not <i>directly</i> contributing to project activities.	Subgrant	Subcontract
	Will the activity continue after Fintrac funding ends (i.e. last longer than the end-date of the subaward)? If there is incentive for the recipient to continue the activity once the project's funding has ended, it <i>may</i> mean that the recipient will substantially benefit from the activity. Examples include: Fintrac cost-shares the cost of embedded extension services with an input supplier on a declining basis with the input supplier expected to continue to provide those services post-project; Fintrac support to operational costs of an industry association.	Subgrant	Subcontract

Annex 3B: Choosing the Payment Provision

Fintrac generally only uses two types of subcontract types:

- ◆ **Firm fixed-price.** The total price is firmly set at the time of award and payment(s) are based on specific provision of completion of the activity or interim/final deliverables.
- ◆ **Cost-reimbursable.** Provides for payment of the allowable incurred costs to the extent prescribed in the subaward. An estimate of total cost is established at inception for the purpose of obligating funds, which also serves as a ceiling that the recipient may not exceed (except at its own risk) without the approval of Fintrac in the form of a modification.

Under both forms of subawards, payments can be made wholly or partially dependent on achieving milestones defined in the subaward. Milestones should be clear, meaningful, measurable, and verifiable.

The main factor to consider when choosing between payment types is whether you have enough experience and information to accurately predict the subaward's cost and SOW.

Use the worksheet below to help you in your decision process:

- ✓ Note that the questions (and their answers) are simply guides to choosing an appropriate subcontract type.
- ✓ Depending on the activity, some questions may not have clear “Yes” or “No” answers.
- ✓ If answers to the questions all have the same answer (i.e. either fixed-price or cost-reimbursable) then that payment provision is *likely* to be the most appropriate instrument.
- ✓ However, it is highly probable that answers may conflict (i.e. some indicating that a fixed-price may be more appropriate, while others indicating a cost-reimbursable may be more appropriate).
- ✓ Selection of the most appropriate payment provision is based on reasoned and supported judgment.
- ✓ Ask yourself if the final choice of payment provision is reasonable – and document your reasoning! Documentation must be included with the solicitation file.

CHOOSING BETWEEN A FIXED-PRICE AND COST-REIMBURSABLE SUBAWARD WORKSHEET				
	Fixed-Price		Cost-Reimbursable	
Does there need to be flexibility in the cost structure and SOW?	<input type="checkbox"/> NO	No need for flexibility because we know exactly how much the activity is going to cost and what it entails.	<input type="checkbox"/> YES	Need for flexibility in the award because we're not quite sure how much the activity is going to cost and the SOW may change over time.
Do you have enough pricing data to accurately predict total cost?	<input type="checkbox"/> YES	You are confident that you know every item that will need to be paid for under this subaward and are confident that your pricing data is accurate and won't change.	<input type="checkbox"/> NO	You are unsure as to which costs will need to be covered under this subaward and are not confident that your pricing data is accurate.

CHOOSING BETWEEN A FIXED-PRICE AND COST-REIMBURSABLE SUBAWARD WORKSHEET				
	Fixed-Price		Cost-Reimbursable	
Do you have enough experience to accurately plan the SOW for this activity?	<input type="checkbox"/> YES	You are confident that you completely understand the activity's SOW and no changes will need to happen to that SOW over the activity period.	<input type="checkbox"/> NO	You are unsure as to the activity's SOW and feel that there may be changes to the SOW over the activity period.
Does it make sense for the subawardee to accept all of the risk for this activity?	<input type="checkbox"/> YES	You and the subawardee have agreed to the price of the subaward and activities to be covered under the subaward, and therefore it may make sense for the subawardee to accept all of the risk associated with a fixed-price subaward. By accepting the risk, the subawardee recognizes that even if it spends more on the activity, it will only be paid the pre-determined amount.	<input type="checkbox"/> NO	There is some uncertainty as to the price of the subaward and activities to be covered under the subaward, therefore it may not make sense for the subawardee to take on all of the risk associated with this uncertainty (i.e. the risk should be shared between Fintrac and the subawardee).
Should payment be tied to deliverables?	<input type="checkbox"/> YES	If activity deliverables are easily identifiable, meaningful, measureable, and able to be validated.	<input type="checkbox"/> NO	Payments are more appropriate for this activity based on set intervals (e.g. months, quarters) and through invoicing of allowable direct costs (or a combination of direct costs and incentive payments).
Does there need to be financial and administrative oversight of the contractor?	<input type="checkbox"/> NO	You feel that there is not the need for financial and administrative oversight.	<input type="checkbox"/> YES	You feel that there is the need for financial and administrative oversight.

Annex 4A: Template for Justification for Sole Source (Subgrants)

1. Identification of the project and subgrant activity, with specific mention that this is a “justification for sole source.”

Example: Fintrac proposes to enter into a subgrant on a basis of sole source for the Kenya KHCP Project.

2. The nature and/or description of the procurement action being approved.

Name of contemplated subgrantee:				
Type of action (check one):	<input type="checkbox"/>	New Subgrant	<input type="checkbox"/>	Subgrant Modification
If subgrant modification	Original subgrant #:			
	Original subgrant date:			
	Original subgrant amount:		\$	
	Approval date of any previous sole source justification:			
	Amount of any previous sole source justification:		\$	

3. A description of the activity under the proposed action and the total estimated value.

Total estimated cost:	\$
Expected start date of activity:	
Expected end date of activity:	

Provide a clear and concise description of the product(s) and/or service(s) to be procured. This provides reviewer and approvers with a better understanding of the scope, magnitude, and complexity of the requirement.

4. Exception to competition being used.

Check off one of the exceptions to competition listed below. Identify only one specific exception that will be used to justify sole source.

The authority permitting other than full and open competition for this activity is based on the exception checked below from ADS 303.3.6.6 a(2):		
<input type="checkbox"/>	a	Exclusive or predominant capability
<input type="checkbox"/>	b	Small subgrants (under \$150,000 and duration no longer than one year)
<input type="checkbox"/>	c	In response to emergency or disaster
<input type="checkbox"/>	d	Follow-on or extension of a previous subgrant activity

5. The facts and rationale that justifies the use of the exception cited in Section 4.

Include specific language from the exemption wording under ADS 303.3.6.6 a(2) (available at <http://transition.usaid.gov/policy/ads/300/303.pdf>). If “exclusive or predominant capability” has been cited in Section 4, describe in detail the uniqueness of the proposed recipient and how it applies to the supported activity. Also describe what other options Fintrac explored. If using the “small subgrants” has been cited in Section 4, explain how the proposed award fits the exception. If “in response to emergency or disaster” has been cited in Section 4, attach specific authorization and direction from USAID for sole source authorization.

CERTIFICATIONS

Preparer Certification	
I certify that the facts and representations under my cognizance, which are included in this justification and which form a basis for this justification, are complete and accurate.	
Name:	
Title:	Usually Subaward Manager or DCOP
Project:	
Date:	
Signature:	

COP Certification	
I certify that this justification is accurate and complete to the best of my knowledge and belief.	
Name:	
Title:	COP
Project:	
Date:	
Signature:	

REVIEWS AND APPROVALS

Fintrac Home Office Contracts and Grants Department	
I have reviewed this justification and find it to be accurate and complete to the best of my knowledge and belief.	
Name:	
Title:	Contracts Manager or Contracts Assistant
Date:	
Signature:	
Check One:	<input type="checkbox"/> Since this justification does not exceed \$250,000, this review serves as final approval. <input type="checkbox"/> Since this justification exceeds \$250,000, this review requires final approval by either the CEO or CFO.

Fintrac SVP, CFO, or CEO (if over \$250,000)	
I have reviewed this justification and find it to be accurate and complete to the best of my knowledge and belief. Since this justification exceeds \$250,000, this review serves as final approval.	
Name:	
Title:	
Date:	
Signature:	

Annex 4B: Fintrac Template for Justification for Sole Source (Subcontracts)

Fintrac policy, which is based on FAR 6-303-2, states that a justification needs to be prepared if Fintrac intends to award a sole source subcontract. This form should be used and appropriate approvals should be obtained prior to negotiating a sole source subcontract.

1. Identification of the project and subcontracting activity, with specific mention that this is a sole source justification.

Example: Fintrac proposes to enter into a subcontract on a basis of sole source for the Kenya USAID-KAVES project.

2. The nature and/or description of the procurement action being approved.

Name of subcontractor:				
Type of action (check one):	<input type="checkbox"/>	New Subcontract	<input type="checkbox"/>	Subcontract Modification
If subcontract modification	Original subcontract #:			
	Original subcontract date:			
	Original subcontract amount:		\$	
	Approval date of any previous sole source justification:			
	Amount of any previous sole source justification:		\$	
Contemplated subcontract type (check one):	<input type="checkbox"/>	Fixed-Price	<input checked="" type="checkbox"/>	Cost-Reimbursable

3. A description of the supplies or services required to meet the project's or Fintrac's needs (including the total estimated value).

Total estimated cost:	\$
Expected start date of activity:	
Expected end date of activity:	

Provide a clear and concise description of the product(s) and/or service(s) to be procured. This provides reviewer and approvers with a better understanding of the scope, magnitude, and complexity of the requirement.

4. The statutory authority permitting other than full and open competition.

Check off one of the seven exceptions listed below. Identify *only one specific statutory authority* that will be used to justify other than full and open competition.

The statutory authority permitting other than full and open competition is:		
<input type="checkbox"/>	FAR 6.302-1	Only one responsible source and no other supplies or services that will satisfy requirements
<input type="checkbox"/>	FAR 6.302-2	Unusual and compelling urgency, which applies when an unusual and compelling urgency precludes full and open competition and a delay in award would result in serious injury (financial or otherwise) to the government
<input type="checkbox"/>	FAR 6.302-3	Industrial mobilization; engineering, developmental, or research capability; or

		expert services
<input type="checkbox"/>	FAR 6.302-4	International agreement
<input type="checkbox"/>	FAR 6.302-5	Statutory authorization or requirement
<input type="checkbox"/>	FAR 6.302-6	National security
<input type="checkbox"/>	FAR 6.302-7	Public interest

5. Provide an explanation of the subcontractor's unique qualifications or the nature of the acquisition that requires the use of the statutory authority cited. This is the most important part of the justification because it demonstrates that the prospective subcontractor has unique qualifications and/or specialized capabilities or expertise that is not prevalent in the marketplace. Also, provide an explanation of what unique qualifications and special capabilities the subcontractor possesses. Unique qualifications and expertise is defined as knowledge that is currently very limited within the marketplace; or there is only one company or individual that has the expertise to provide the product or perform the required services.
6. A description of efforts to ensure that offers were solicited from as many potential sources as is practicable, including whether a notice was or will be publicized. A description of the market research conducted and the results or a statement of the reason market research was not conducted.

The sole source justification could be prepared after Fintrac has advertised the activity and had an opportunity to examine the results of industry inquiries in order to reach a reasonable conclusion concerning the potential degree of competition. This section should include a description of these efforts.

Example: A synopsis of the proposed activity was issued in/through XXXXXX on 12/3/20XX, requesting that parties express their interest in writing to the Fintrac Subawards Manager. Only XYZ Corporation responded. The XYZ capabilities statement was reviewed and [deficiencies vs. requirement were identified and discussed with XXX of the XYZ Corporation, who agreed.]

7. A determination that the anticipated cost to the project (and Fintrac and USAID) will be fair and reasonable.

Provide a narrative of the measures performed to ensure that the costs and/or prices will be fair and reasonable before negotiations commence. In addition, provide the methodology used in the market research analysis that supports a determination of fair and reasonable costs/prices. Provide any information, such as commercial pricelists or prior acquisition history that will help determine that the anticipated cost is fair and reasonable.

8. Any other facts supporting the use of other than full and open competition.

CERTIFICATIONS

Preparer Certification	
I certify that the facts and representations under my cognizance, which are included in this justification and which form a basis for this justification, are complete and accurate.	
Name:	
Title:	Usually Subaward Manager or DCOP
Project:	
Date:	
Signature:	

COP Certification	
I certify that this justification is accurate and complete to the best of my knowledge and belief.	
Name:	
Title:	COP
Date:	
Signature:	

REVIEWS AND APPROVALS

Fintrac Home Office Contracts and Grants Department	
I have reviewed this justification and find it to be complete to the best of my knowledge and belief.	
Name:	
Title:	Contracts Manager or Contracts Assistant
Date:	
Signature:	
Check One:	<input type="checkbox"/> Since this justification does not exceed \$250,000, this review serves as final approval. <input type="checkbox"/> Since this justification exceeds \$250,000, this review requires final approval by either the CEO or CFO.

Fintrac SVP, CFO, or CEO (if over \$250,000)	
I have reviewed this justification and find it to be accurate and complete to the best of my knowledge and belief. Since this justification exceeds \$250,000, this review serves as final approval.	
Name:	
Title:	
Date:	
Signature:	

Annex 5A: Example of Evaluation Criteria and Process

Overall Evaluation Method (check one)	
<input type="checkbox"/>	Best value tradeoff method will be used to evaluate proposals. All evaluation factors other than cost or price, when combined, are <u>significantly more important</u> than cost or price.
<input type="checkbox"/>	Best value tradeoff method will be used to evaluate proposals. All evaluation factors other than cost or price, when combined, are <u>approximately equal</u> to cost or price.
<input type="checkbox"/>	Best value tradeoff method will be used to evaluate proposals. All evaluation factors other than cost or price, when combined, are <u>significantly less important</u> than cost or price.
<input type="checkbox"/>	The offeror providing the lowest cost, technically acceptable proposal will be selected for award.

Note: In the RFP, use the same wording for the method selected above.

Technical Evaluation Criteria (Main Criteria and Subcriteria)			
Main Criteria	Points	Subcriteria	
Technical Approach	60	5	Situational Analysis (provides an accurate and convincing case for the proposed activities).
		15	Geographic Focus (the proposal targets communities in the requested geographic regions; the organization has direct experience in the targeted regions and demonstrates a clear understanding of the challenges of working in these areas).
		35	Project Design, Technical Approaches, and Interventions (the approach clearly addresses the challenges identified in the situation analysis and positively impacts communities in the targeted regions; proposed interventions are appropriate, feasible, and likely to achieve the stated objectives; the approach adequately addresses gender and youth considerations; the proposed activities outline collaboration with other programs and offer potential investment opportunities for third-parties – e.g. other projects or donors).
		5	Project Sustainability Plan (the post-project sustainability plan is clear and achievable; the proposal shows a strong likelihood of replication by other projects/organizations).
M&E and Results Reporting	10	4	The proposed targets and results are clearly stated.
		4	The proposed results are realistic and achievable under the proposed approach.
		2	The plan for monitoring and reporting of results is clear, with individual roles and responsibilities for M&E and reporting assigned.
Staffing, Management and Implementation	15	10	The indicated personnel are well-qualified for their proposed positions.
		3	The organization's work plan is clearly and adequately described.
		2	The proposed project has beneficial or no negative impact to the environment (see environmental assessment).
Institutional Capacity & Past Performance	15	8	The organization possesses demonstrated management and technical expertise for undertaking the proposed activities.
		7	Quality of performance in similar programs.

Note: Additional detail should be provided for each criteria to ensure that offerors (and evaluators) are clear on evaluation criteria; the technical evaluation criteria must be included in the RFP.

Cost Evaluation Criteria

Cost proposals will be evaluated based on cost realism, completeness, and reasonableness. Cost realism

is defined as the offeror’s ability to project costs which are realistic for the work to be performed; reflect a clear understanding of the requirements; and are consistent with the offeror’s technical capacity.

Note: The cost evaluation criteria must be included in the RFP.

Evaluation Process	
Technical Evaluation Committee (TEC)	Mark Smith, Jenny Wade, Judy Bloom, Marcus Enders (Conflict of Interest forms have been signed by each)
Cost Evaluator	Jane Doe (Conflict of Interest forms have been signed by each)
Technical Evaluation Process:	TEC members score proposals individually using form provided; Jane Doe compiles scores into one spreadsheet; TEC members meet together to determine consensus score and ranking of offerors

Note: None of the evaluation process should be revealed to offerors in the RFP or otherwise.

Annex 7A: Example of Call for Expressions of Interest-Public Media

NOTE: Ensure your EOI describes the areas that are going to be evaluated.

Call for Expressions of Interest

The Tanzania Agriculture Productivity Program (TAPP) is a project funded by the United States Agency for International Development (USAID). The program is part of Feed the Future, the US government's global hunger and food security initiative. USAID-TAPP's main objectives are to **increase smallholder farmers' incomes, improve family nutrition, and expand market opportunities**. Over the past three years, USAID-TAPP has invested in Tanzania-based horticultural businesses and provided them with technical assistance in order to achieve these objectives. Since its inception in 2009, USAID-TAPP has benefited more than 13,500 smallholder farmers in ten regions of Tanzania.

USAID-TAPP is pleased to invite private Tanzania-based agribusinesses to apply for grant awards that support value chain developments in horticulture. The activities must be located in **Arusha, Kilimanjaro, Manyara, Dar es Salaam, Tanga, Pwani, Morogoro, Iringa, Njombe, Mbeya regions or the Zanzibar Isles**. The activities may include:

- Buying, distributing, packing, processing, exporting, or other such trading of horticultural crops.
- Provision of goods and services (agricultural inputs and equipment) in the target regions.
- Development or expansion of company business in which **smallholder farmer engagement** is a fundamental pillar of growth (such as through the use of an outgrower scheme).

The activities must involve increased production or new production opportunities for smallholder farmers that represent more stable and profitable enterprises for them in the future. The activities should also lead to greater access to quality inputs and appropriate technologies in the target regions. Horticultural crops are limited to vegetables, fruits, spices, summer flowers, and the seeds or other products originating from these crops.

Interested candidates are invited to present their business ideas by filling out a USAID-TAPP grant application form and then submitting it to tapp-grants@fintrac.com. The grant application form can be requested by writing to tapp-grants@fintrac.com or by downloading it through the USAID-TAPP website (www.tanzania-agric.org). Each application will be reviewed by a panel of experts and the strongest and most promising applicants will be shortlisted for the next round. No applications will be accepted after 3:00PM April 30, 2013.

Annex 7B: Example of Call for Expressions of Interest-Project Website

Partnering with TAPP

USAID-TAPP is looking for Tanzanian organizations to serve as implementing partners of the project. We will award grants to organizations whose activities can contribute to various aspects of the project.

See [TAPP Solicitation 2013](#) and download the [Application Form](#).

Please submit a fully complete application form accompanied by a brief cover letter. The documents from the applicant should be in English and all costs shall be expressed in US\$. Applicants must set forth full, accurate and complete information as required by this call.

All applications must be submitted via e-mail to:
tapp-grants@fintrac.com.

Receipt of submitted applications will be confirmed. The covering letter should be in Microsoft Word or PDF format. It should not exceed 2 MB or it will not be reviewed.



USAID-TAPP reserves the right to fund any or none of the applications submitted. Issuance of this solicitation for concept papers does not constitute a grant or commitment on the part of USAID-TAPP, nor does it commit USAID-TAPP to pay for costs incurred in the preparation and submission of an application.

Annex 7D: Example RFP Amendment

AMENDMENT #1

Request for Proposal # [insert RFP or RFA number]

[insert project name]

[insert RFP activity name]

Issue Date: [insert issue date of amendment]

Description of Amendment I

This is an amendment to the original Request for Proposals (RFP) #[insert RFP or RFA number]. The only items changed in the Request for Proposals are listed below.

1. This amendment changes the deadline for proposal submission on page I as follows:

FROM June 1, 2013

TO July 1, 2013

2. This amendment changes the page limit specified on page I as follows:

FROM 25 pages

TO 30 pages

All other parts of the RFP remain the same.

Annex 7E: Subaward Information Sheet

Subaward Institution/Organization		<p>DUNS #: _____</p> <p>DUNS # required before award of subcontract of \$25,000 or more*</p> <p><small>*(Subgrants/PartnerFunds are exempt except under Cooperative Agreements)</small></p>
Name:		
Address:		
City:		
Telephone:		
E-mail:		

PRIMARY CONTACTS	
Authorized Official (signatory)	
Name/Title:	
Telephone:	
E-mail:	

Administrative Contact	
Name/Title:	
Telephone:	
E-mail:	

Financial Contact	
Name/Title:	
Telephone:	
E-mail:	

KEY INDIVIDUALS: (Principal officers such as CEO, CFO, Directors, Shareholders)	
1. Name/Title	
2. Name/Title	
3. Name/Title	
4. Name/Title	
5. Name/Title	
6. Name/Title	

The names and total compensation of the five most highly compensated officers of the entity(ies) must be listed IF:

The entity in the preceding fiscal year received

- a. 80 percent or more its annual gross revenues in US Federal awards (federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements);

AND

- b. \$25,000,000 or more in annual gross revenues from US Federal awards;

AND

- c. The public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue code of 1986.

Is subaward entity exempt from reporting executive compensation? *Answer required for

subcontract awards of \$25,000 or more. Grants are exempt except under Cooperative Agreements.

Check one: **Yes** **No** - If no, complete the information below.

Officer 1 Name: _____

Officer 1 Compensation Last Fiscal Year: \$_____

Officer 2 Name: _____

Officer 2 Compensation Last Fiscal Year: \$_____

Officer 3 Name: _____

Officer 3 Compensation Last Fiscal Year: \$_____

Officer 4 Name: _____

Officer 4 Compensation Last Fiscal Year: \$_____

Officer 5 Name: _____

Officer 5 Compensation Last Fiscal Year: \$_____

PART III: SUBAWARD GUIDELINES: SELECTION AND NEGOTIATION

Full copy of Fintrac's Subaward Guidelines: Selection and Negotiation begins next page.

Subaward Guidelines: Selection and Negotiation

December 2014



US Virgin Islands
3077 Kronprindsens Gade 72
St. Thomas, USVI 00802
Tel: (340) 776-7600
Fax: (340) 776-7601

Washington, DC
1400 16th Street NW, Suite 400
Washington, DC 20036 USA
Tel: (202) 462-8475
Fax: (202) 462-8478

Acronyms

ADS	Automated Directives System
CO	Contracting Officer
COR	Contracting Officer's Representative
EOI	Expressions of Interest
EPLS	Excluded Parties List System
FAR	Federal Acquisition Regulation
NICRA	Negotiated Indirect Cost Rate Agreement
OFAC	Office of Foreign Assets Control
PMU	Project Management Unit
RFA	Request for Applications
RFP	Request for Proposals
SOW	Statement of Work
TEC	Technical Evaluation Committee
USAID	United States Agency for International Development

Introduction

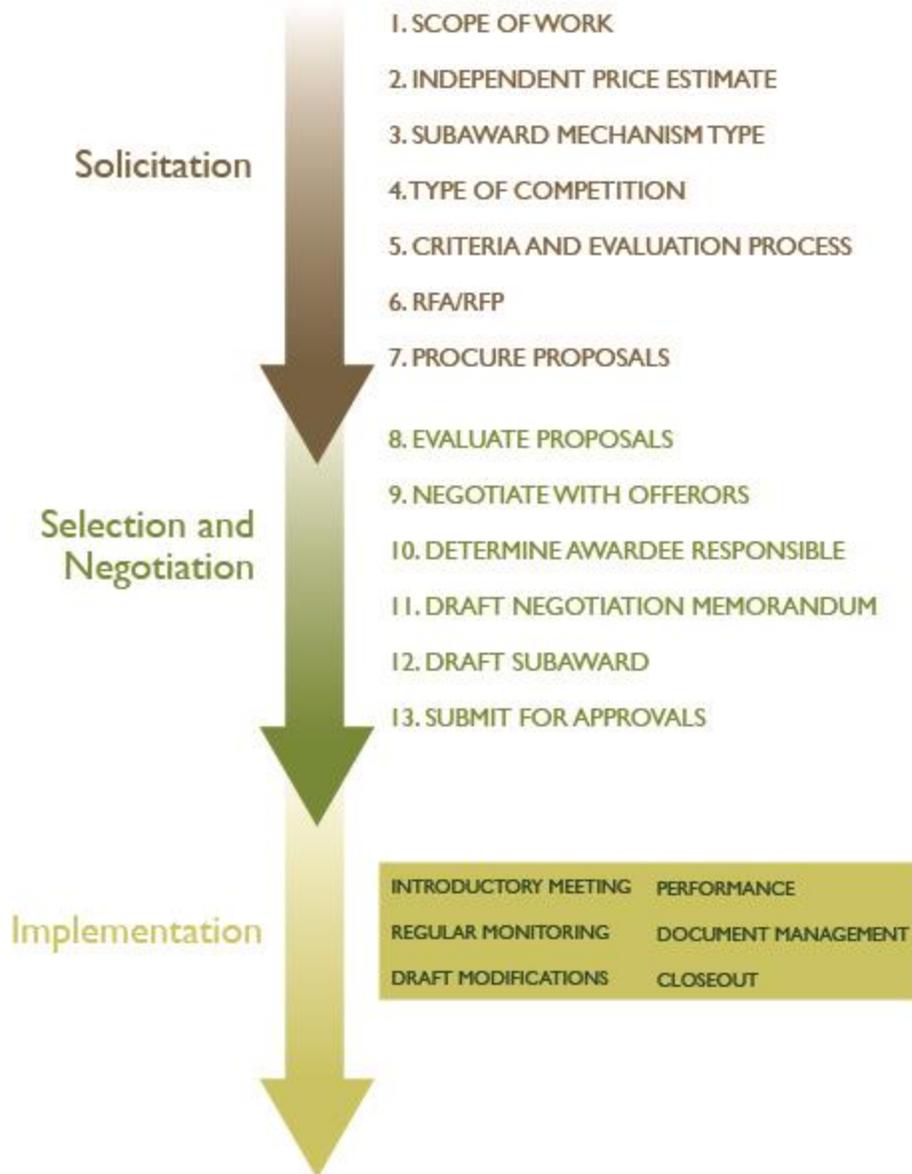
This document is the second in a series of three manuals that provide guidance and useful tools for Fintrac staff with responsibility for subawards:

1. Subaward Guidelines: Solicitation (Steps 1-7)
2. Subaward Guidelines: Selection and Negotiation (Steps 8-13)
3. Subaward Guidelines: Implementation

The three documents should be used in tandem, and each manual references steps and resources throughout the series. The guidelines have been developed to ensure compliance with US government regulations and Fintrac's internal policies and, most importantly, the procurement of the highest quality and best value products and services to support Fintrac programs' goals and objectives.

The guidelines in this specific document address the steps and processes required for subaward proposal review, including selection and negotiation. Annexes provide additional details, examples, and tools (including templates) for properly implementing and documenting required steps and processes. It is imperative that the all steps of the process are properly documented and that a complete file is kept on each subaward.

Fintrac Subaward Guidelines



Defining Terms

This section defines terms used throughout the subaward guide.

Prime Award - A prime award is the contract or agreement between Fintrac and a donor that lays out the terms and conditions of the funding. This document may also outline specific provisions, clauses incorporated by reference, and monitoring requirements which will be in addition to the procedures listed here.

Subaward - A subaward is a document between Fintrac and a qualified organization for the performance of a substantive portion of the program funded under the prime award. The term does not include procurement of goods and services funded by a prime award (i.e., vendors do not receive subawards). It does not include payments to an individual that is a beneficiary.

Subawardee - Subawardee is the legal entity to which a subaward is made and which is accountable to Fintrac for the use of the funds provided in carrying out a portion of Fintrac's programmatic effort under a prime award.

Subgrant - The principle purpose of a subgrant is to transfer anything of value (usually equipment or cash) to a non-Federal entity to carry out a public purpose. It is not used to acquire property or services for Fintrac's direct benefit or use.

Subcontract - The legal document which Fintrac uses to purchase property or services used to carry out the project under a United States Agency for International Development (USAID) contract.

Technology Funds - A *Technology Fund* is a flexible type of umbrella mechanism pioneered by Fintrac and utilized under most of its field projects to provide small non-cash grants to a large number of beneficiaries. It is not a typical subcontract or subgrant agreement, but rather a Fintrac-designed formalized means to procure and distribute small non-cash grants to multiple (often hundreds or more) beneficiaries under which traditional (individual) subaward mechanisms would be inefficient and impractical. The mechanism is so named because its primary use is to demonstrate new technologies to farmers, allied agribusinesses, and other program clients in order to encourage technology expansion and replication. Projects typically develop multiple Technology Fund's, each with a specific technical goal. For programs with non-agricultural components, the funds have also been used to demonstrate or provide training in new technologies at the household and community level in water, sanitation, nutrition, health, energy/renewables, disaster mitigation, and other areas. Awards are used to provide selected clients, client groups, and/or communities with improved technologies – who in turn demonstrate these technologies within their communities and regions. Typically items are procured in bulk for either immediate distribution to recipients or warehoused/inventoried for distribution over a relatively short period of time. A Technology Fund often involves multiple procurements over its specified duration. While the mechanism is flexible, it requires strong procurement, inventory, and distribution controls (including signed receipts by beneficiaries of the quantity and type of goods provided). Ideally, ownership of the donated goods should be vested with the recipient at the time of transfer by obtaining advance USAID-approval for immediate disposition.

Partner Funds - Partner Funds are a subaward mechanism used by Fintrac to co-finance joint activities with private sector partners that help to meet the program's aims and objectives as well as to broaden

the outreach of interventions. Primarily used as a mechanism to increase the availability, quality and long-term sustainability of business development services to small- and medium-scale agribusiness clients, it is also used to introduce new technologies and new, higher-value and added-value products. Each project must define whether Partner Fund agreements will be subgrants or subcontracts, and therefore the correct flow down provisions should be included.

Step 8: Evaluate Proposals

Proposal evaluation is an assessment of the technical proposal and the offeror's ability to perform the prospective scope of work successfully. If a proposal was sole sourced, then the evaluation will be based on the strengths and weaknesses of the individual proposal rather than in comparison with other submissions.

Fintrac shall evaluate competitive proposals and assess their relative qualities solely on the factors and sub factors specified in the Request for Applications (RFA)/ Request for Proposals (RFP) (which must be the same as those specified in the evaluation plan in Step 5).

8.1 Technical Evaluation Committee

As discussed in Step 5, committee members should be chosen based on their qualifications and ability to review the quality of proposals submitted.

All members of the Technical Evaluation Committee (TEC) need to review and sign non-disclosure forms before receiving any information regarding the proposals. (A sample non-disclosure form is in Annex 8A.) Then the Subawards Manager should create a list of the organizations that have applied through this RFA/RFP. That list should be distributed to the TEC and then each individual should review the list and sign conflict of interest forms. If someone has a connection to one of the organizations that submitted proposals, then they should recuse themselves from that review. Annex 8B contains a template for a conflict of interest form.

8.2 Technical Evaluation

Technical proposals should be evaluated by the TEC members according to the methodology determined internally and the criteria (outlined in Step 5) included in the RFA/RFP. Some helpful tips:

- TEC members should initially evaluate technical proposals independently of each other and, in all cases, without assistance from others.
- The Subawards Manager will provide scoring sheet templates to TEC members to evaluate each proposal, providing the main criteria and subcriteria, maximum scores for each, a place for the evaluator to enter scores, and an area for comments (e.g. on strengths, deficiencies, significant weaknesses, and risks) supporting individual criteria/subcriteria scores. TEC members should also be provided any additional instructions deemed necessary to successfully complete the technical evaluations. A sample is included in Annex 8C.
- The Subawards Manager compiles all TEC member scores into a comparative table (an average column can also be included) as well as overall comments and comments for individual criteria or subcriteria (i.e. on strengths, deficiencies, significant weaknesses, and risks).
- If there is strong consensus by the technical evaluators based on a comparison of scoring, and a clear technical winner is apparent, offerors can be ranked by the average technical scores at this point. However, it is preferable to convene a meeting of TEC members and share the comparative table and compiled comments for them to reach a final consensus score for each subcriteria. The TEC should be provided with a form to record its final consensus scores, along with final strengths and weaknesses agreed upon by TEC members.

- Technical proposals deemed unacceptable (or otherwise scoring too low compared to other offerors) may be removed from competition at this point in time. For those that remain in the competition, continue to the next step.
- Past performance must be included as part of the evaluation criteria. At this point, if TEC members are aware of an organization or the work it has done, that can be included. However, it is not usually possible to check past performance references for all proposals before the TEC meets. More detailed past performance information will be done for the top candidates in Step 10.

8.3 Budget Evaluation

Prior to issuing any subaward, all costs and prices must be found fair and reasonable. The Federal Acquisition Regulation (FAR) defines cost and price as separate considerations when determining fairness and reasonableness. These two considerations should be analyzed individually. If you have done an independent price estimate (from Step 2), then you should compare your expected price to the prices received in proposals. Final determinations and negotiations resulting from these analyses should be documented in the Negotiation Memorandum (see Step 11).

<p>Cost Analysis</p> <p>A more objective analysis looking at fairness and reasonableness in relation to individual costs.</p>	<p>vs.</p>	<p>Price Analysis</p> <p>A more subjective analysis looking at the benefit and return from an activity in relation to the overall price.</p>
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More information on how to conduct a cost or price analysis is in Annex 8F.

Normally, competition establishes price reasonableness. When subawarding on a **firm-fixed-price basis**, comparison of the proposed prices of two or more independent offerors will satisfy the requirement to perform a price analysis. However, Fintrac policy requires that a cost analysis is also completed. When subawarding on a **cost-reimbursement basis**, evaluations shall include a cost realism analysis to determine what Fintrac should realistically expect to pay for the proposed effort, the offeror’s understanding of the work, and the offeror’s ability to perform the scope of work. Cost and price analyses must be documented.

In accordance with US government regulations, for subawards valued over \$700,000, certified cost or pricing data is required. This is cost or pricing data submitted by the potential awardee with a signed certification that states that, to the best of the person’s knowledge or belief, the cost or pricing data is accurate, complete, and current as of a date before the contract award. However, Fintrac regulations request that all cost submissions include this certification as part of the solicitation process.

8.4 Select the Top Candidate (or Candidates)

Subawardee selection shall be based on a comparative assessment of proposals against all selection criteria specified in the solicitation. You must follow the selection criteria and methodology as stated in your solicitation. If you need to change any selection criteria, you will be required to cancel the solicitation and restart the process.

At this point, you will not be able to determine a winner, but will select the top candidate (or candidates). The decision shall be documented by the Subawards Manager, and the documentation shall include the rationale for any business judgments and tradeoffs made or relied on, including benefits associated with additional costs. A selection memo is one option (sample shown in Annex 8I). Other options would be to have meeting notes or a coversheet for the evaluations.

If the solicitation stated that final selection would be based on **lowest price, technically acceptable offer** (i.e. meets all specifications for the goods provided in the RFP), the selection, justification, and rationale will be relatively straight-forward.

If the solicitation stated that a **tradeoff process** would be used, the selection, justification, and rationale are likely to be more complicated. Extra effort needs to be made to ensure that the evaluation takes into account all factors and significant sub factors, and their relative importance, stated in the solicitation. The relative importance as stated in the solicitation of technical versus cost/price must also be followed (e.g. technical is significantly more important than, approximately equal to, or significantly less important than cost or price.) This process permits tradeoffs among cost or price and non-cost factors and allows Fintrac to accept other than the lowest priced proposal. The perceived benefits of the higher priced proposal shall merit the additional cost, and the rationale for tradeoffs must be documented in the selection file. When tradeoffs are performed, source selection records shall include: (a) an assessment of each offeror's ability to accomplish the technical requirements; and (b) a summary, matrix, or quantitative ranking, along with appropriate supporting narrative, of each technical proposal using the evaluation factors.

Before the TEC adjourns, determine what the next steps will be. Do you need to have more information from any of the offerors? Do you need to do the past performance reference checks? Add this information to the documentation for the discussion and decisions made in the TEC. A sample is included in Annex 8H.

Step 9: Communicate and Negotiate with Offerors

In some circumstances it may be necessary to communicate with offerors after the receipt of proposals but before making a final award determination. It is important that all communications with offerors protect the integrity and fairness of the procurement process. One Fintrac person, usually the Subawards Manager, should control and document all exchanges with the top candidates established in Step 8.4.

The figure below details the types and timing of communications with offerors after the receipt of proposals. If the top candidates have been chosen, then assume that the competitive range has been finalized.

Figure 9.1: Communications Protocol	
<p>Limited exchanges with offerors <i>before</i> establishment of top candidates</p>	<ul style="list-style-type: none"> These communications are limited exchanges after receipt of proposals. They should be held only with those offerors whose exclusion from, or inclusion in, the top candidates is uncertain. Can be used to address the following issues that must be explored to determine whether a proposal should be moved forward: (a) ambiguities in the proposal or other concerns (e.g. perceived deficiencies, weaknesses, errors, omissions, or mistakes); and/or (b) information relating to relevant past performance (including allowing an offeror to address adverse past performance information to which the offeror has not previously had an opportunity to comment). Cannot be used to provide an opportunity for the offeror to revise or materially alter its technical or cost proposals. May be considered in rating proposals for the purpose of establishing the top candidates.
<p>Discussions and negotiations with offerors <i>after</i> establishment of the top candidates</p>	<ul style="list-style-type: none"> Negotiations are exchanges, in either a competitive or sole source environment, that are undertaken with the intent of allowing the offeror to revise its proposal. When negotiations are conducted in a competitive environment, they take place after establishment of the top candidates and are called discussions. Negotiations may (and should) include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of subaward, or other terms of a proposed subaward. If you are negotiating on behalf of Fintrac, you have been given the responsibility to obtain a fair and reasonable price. Negotiate as if it was your money! Discussions are tailored to each offeror’s proposal, and must be conducted by Fintrac with each offeror selected as a top candidate. The primary objective of discussions is to maximize Fintrac’s ability to obtain best value, based on the requirement and the evaluation factors set forth in the solicitation. At a minimum, Fintrac must indicate to, or discuss with, each offeror still being considered for award, deficiencies, and significant weaknesses.

Figure 9.1: Communications Protocol	
	<ul style="list-style-type: none"> • Fintrac is also encouraged to discuss other aspects of the offeror’s proposal that could, in the opinion of the TEC, be altered or explained to enhance materially the proposal’s potential for award. • Fintrac is not required to discuss every area where the proposal could be improved. The scope and extent of discussions are a matter of best judgment. • If Fintrac decides that an offeror’s proposal should no longer be included in the top candidate, the proposal shall be eliminated from consideration for subaward and written notice of this decision shall be provided to unsuccessful offerors.
Notification to offerors excluded from top candidates	<ul style="list-style-type: none"> • If an offeror’s proposal is excluded at any point (i.e. the proposal was not included in the top candidates in the first place, or subsequently removed after discussions), written notice of this decision may be provided to the unsuccessful offerors (sample is included in Annex 9A). • Unsuccessful offerors may request a debriefing (see Annex 9B for additional information on the timing and required content for debriefings). • Field offices should determine if they will hold debriefings for unsuccessful offerors BEFORE notifying those excluded. It is not mandatory, however, that all offerors be treated the same.

What Not to Do When Communicating with Offerors

Fintrac personnel involved in communications shall not engage in conduct that:

- Favors one offeror over another.
- Reveals an offeror’s technical solution to another offeror, including unique technology, innovative and unique uses of commercial items, or any information that would compromise an offeror’s intellectual property.
- Reveals an offeror’s price to another offeror without that offeror’s permission. However, Fintrac may inform an offeror that its price is considered by Fintrac to be too high, or too low, and reveal the results of the analysis supporting that conclusion.
- Reveals the names of individuals providing reference information about an offeror’s past performance.

Step 10: Determine Whether Likely Awardee is Responsible

Determining whether a top candidate is responsible also includes verifying past performance references. This step can be called the preaward survey or assessment, which will be included in the Negotiation Memo (discussed in Step 11). Officially, the winner has not yet been determined, but at this stage you should be reviewing only the top candidate. If it is determined that the top candidate is not able to manage USAID funds, for example, then you can move to the next technically competent offeror.

Past performance can be one indicator of an offeror's ability to perform the subaward successfully. In the evaluation of the proposal by the TEC, past performance, as stated by the offeror, can be a key consideration in the evaluation. Self-reported performance will always be positive. Therefore, during this step, there should also be a reference check to verify past performance from other donors. The currency and relevance of the information, source of the information, context of the data, and general trends in performance shall be considered. This comparative assessment of past performance information is separate from the responsibility determination described below.

The solicitation should require offerors to submit information on similar previous work along with references in their proposal. The Subawards Manager or delegate should make the telephone calls for the past performance checks. This includes calling the references submitted with the proposals but also could include contacting other sources of information. Options include Internet searches for previous online evaluations for projects implemented by the offeror, as well as contacting others that may be able to provide input on offeror past performance. The past performance information collected should then be documented and added to the subaward file for evaluation. Annex 10A lists possible questions to ask during a past performance check.

An offeror may not be given a subaward unless it is determined to be responsible. The FAR and Automated Directives System (ADS) both include sections that outline the options to adequately determine responsibility.¹ Therefore, this step must be completed, even if Fintrac has given a subaward to the organization in the past. To facilitate and adequately document this process, Fintrac has developed a number of in-house tools and resources. Each project should consider the best way, in their context, to conduct a preaward survey. See Figure 9.1 below for the FAR and ADS requirements for determining responsibility as well as Fintrac's suggested tools and methodology for addressing concerns and documenting the determination.

¹ Discussed further in [FAR 9.1](#) and [ADS 303.3.9](#)

Figure 10.1: Requirements of a Responsibility Determination

FAR Responsibility Determination Requirement	Discussion	Fintrac Tool/Methodology
<p>Has adequate financial resources to perform the contract, or the ability to obtain them</p>	<p>Does the potential subawardee have the necessary financial resources (cash flow) to cover costs prior to being reimbursed by Fintrac per normal payment terms? If cost-share is required, does the potential awardee have the resources required to cover the cost-share being proposed?</p>	<p>In solicitation, require offeror to specifically address this requirement in its submission.</p> <p>Request financial statements for current year-to-date and previous two years (preferably audited) in solicitation; analyze cash and other financial resources in terms of ability to finance the program; for cost-share, ask for and analyze expected source of funds for cost-share. Guidance available in Annex 8G.</p>
<p>Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing business commitments</p>	<p>Is the timeframe realistic for the potential subawardee? Does the potential awardee have previous commitments that may affect its ability to provide Fintrac-required deliverables on-time?</p>	<p>In solicitation, require offeror to specifically address this requirement in its submission.</p>
<p>Has a satisfactory performance record</p>	<p>Has the potential subawardee undertaken similar activities in the past? If so, how did it perform? If the subawardee has never completed similar work, you can still evaluate its performance record for scopes that may not specifically overlap. Did it perform the tasks assigned to them on-time, within budget and to a satisfactory result? If the subawardee has never taken on this type of work before, that can be a factor in the pre-award determination process, but cannot, on its own, prevent it from receiving an subaward.</p>	<p>Solicitation should require offerors to submit information on similar previous work along with references.</p> <p>Additionally, other sources of information should be sought to assess performance record, including Internet searches for previous online evaluations for projects implemented by the offeror, as well as contacting others that may be able to provide input on offeror past performance.</p>

Figure 10.1: Requirements of a Responsibility Determination		
FAR Responsibility Determination Requirement	Discussion	Fintrac Tool/Methodology
<p>Has a satisfactory record of integrity and business ethics</p>	<p>Is there any information that makes you question the organization’s integrity or business ethics? When you discuss the organization with staff, counterparts, the community or local trade organizations, does anyone express reservations or concerns?</p>	<p>In solicitation, require offeror to specifically address this requirement in its submission.</p> <p>This could be discussed while contacting references concerning past performance. It should also be a focus of relevant Internet searches and inquires with others that may have knowledge of the organization. While we cannot rely on hearsay to evaluate a potential subawardee, numerous reports of fraud or lack of integrity may result in a need for further investigations or, when combined with other evaluation results, could affect the overall decision of whether or not to give a subaward.</p>
<p>Has the necessary organizational experience and accounting and operational controls or the ability to obtain them</p>	<p>Does the potential subawardee have a qualified accountant? Does it have financial policies and procedures in place? Does it have clear procurement systems and controls?</p>	<p>In solicitation, require offeror to specifically address this requirement in their submission.</p> <p>If the organization does not have a qualified accountant, a condition of award should be that the organization must have a qualified accountant prior to award.</p> <p>These criteria should also be evaluated through pre-award surveys conducted by the subawards team. If the pre-award survey identifies a weakness, it does not necessarily preclude award, but will require, at a minimum, a plan to address those weaknesses.</p>
<p>Has the necessary technical capabilities and facilities or the ability to obtain them</p>	<p>Does the potential subawardee have all of the technical resources needed to complete the scope of work?</p>	<p>In solicitation, require offeror to specifically address this requirement in its submission.</p> <p>Through past performance references, check previous technical work.</p>

Figure 10.1: Requirements of a Responsibility Determination		
FAR Responsibility Determination Requirement	Discussion	Fintrac Tool/Methodology
Be otherwise qualified and eligible	Has the organization met all other requirements? Has the organization been specifically prohibited from receiving US government funds?	This is evaluated and documented by completing the EPLS check and OFAC check through Visual Compliance discussed in Fintrac's Anti-Terrorism Compliance Policy as well as all applicable subaward certifications.

Step 11: Draft the Negotiation Memorandum

By this step, the winner has been chosen. A Negotiation Memorandum, also referred to as a “neg memo,” helps demonstrate due diligence and transparency in documenting the subaward solicitation, evaluation, and negotiation process. It also justifies the choices made in the selection and negotiation process. Negotiation Memorandums tell the story of what happened during the negotiations with an offeror. It should document the decisions made and clarify what changed from the proposal submitted to the final approved version.

The audience for this memo could be the Fintrac approver, internal audit, external audit, and in some occasions, USAID. However, this document is not to be shared with the organization or be publicly available. The writer of the Negotiation Memorandum should be honest and truthful in the assessment of the organization, without concern that the organization discussed will take offense.

Fintrac has created a Negotiation Memorandum template which includes the following sections:

- General Information: name, amount, type
- Purpose and Objectives
- Selection Process: brief summary
- Preaward Assessment Background (Step 10)
- Technical Negotiation
- General Cost Negotiation
- Specific Cost Negotiation
- Risk Assessment
- Donor Approval
- Subaward Recommendation
- Certifications

Note on Supporting Documentation: Along with providing all cost and price negotiation information in the Negotiation Memorandum, relevant supporting documentation should also be saved. This supporting documentation may take the form of meeting notes or email correspondence. While it's not necessary to attach this supporting documentation to the request submitted to USAID for consent, it should be saved in the subaward files as it may be required during a subaward audit. In many cases there will be two separate files maintained by the Subawards Manager. A selection file includes all submitted proposals, TEC notes, and other documents from the selection process. During this step, a second file should be created by the Subaward Manager which includes documents specific to this organization and this particular subaward.

Step 12: Draft Subaward

New subawards should always use the most recent templates. Current templates are available on the DIS site. Tweaks are periodically made to templates to update new regulations or clarify the intent of sections. Therefore, you should never go back to a previously awarded subaward and use that as the basis to create a new subaward. You will also need to review your prime award to ensure that all the required clauses and other references are appropriately flowed down to the subaward.

Step 13: Submit for Review & Approvals

Before any subaward is finalized, the draft subaward and all documentation of the procurement action must be reviewed and approved by the Project Management Unit (PMU), and then reviewed and approved by Fintrac's Contracts and Grants Department. All documentation should be uploaded for review using the Dropbox established by Fintrac's Contracts and Grants Department.

After review and approval from the Contracts and Grants Department, the subaward is submitted to the Chief Executive Officer, Chief Financial Officer, Senior Vice President of Field Operations or their designate for approval; they are the only staff members authorized to approve a subaward on behalf of Fintrac. Once receiving Fintrac's senior management approval, the subaward can be shared with the subawardee for their review.

In addition, the Subawards Manager should review whether this subaward needs to have further approval or consent from USAID. If that has not yet been received, then the subaward must not be signed until we have the approval or consent in writing. Templates for seeking approval or consent are located in Annex 13A and 13B. Once all approvals are documented, the subaward can be signed by the subawardee.

If no changes are made on the home office approved subaward, then the Chief of Party has authorization to sign on behalf of Fintrac. If any changes are requested by the subawardee or by the donor, then the draft subaward should be resubmitted to the Contracts and Grants Department for review. If the changes are substantive, then they will go back to Executive team for re-approval.

The Subawards Manager in the field should review the final document with the subawardee to ensure a clear understanding of all contract clauses and requirements. As part of this review, the Subawards Manager (and Project Accountant) should also provide precise instructions for invoicing – including documentation required to support billed costs. The effort taken for this review will save considerable time in the future!

Annex 8A: Non-Disclosure Agreement

Non-Disclosure Agreement

USAID-[insert project name]

[Subaward Committee Members or Appropriate Description]

As a member of the USAID-[insert project name] [Subaward Committee or appropriate description] I agree to the following:

1. I shall not disclose any information to anyone who is not on the Technical Evaluation Committee.
2. Proposals, identity of officers, Technical Evaluation Committee documents, and similar materials will be handled and discussed on a need-to-know basis only.
3. Under no circumstances may proposals, evaluations, and selected property/services, or Technical Evaluation Committee reports be divulged without the authorization of the Fintrac Subawards Manager.
4. Any unauthorized disclosures may result in appropriate disciplinary action ranging from a warning letter to termination of employment.

By signing this letter, I understand and agree to the provisions above.

Printed Name

Signature

Date

Annex 8B: Conflict of Interest Form

Conflict of Interest Agreement

USAID-[insert project name]

[Subaward Committee Members or Appropriate Description]

In alignment with Fintrac policies and procedures, it is imperative to disclose any conflicts of interest that may arise before or during review of potential subawardees. If you become aware of any of the following situations, please disclose the nature of the conflict of interest immediately.

1. If you have a previous or current financial interest (including being an unpaid member of a Board of Directors) in any organization, firm, or any of its subsidiaries under consideration for a subaward.
2. If you provided consulting or other professional services in the last five years to any organization, firm or any of its subsidiaries under consideration for a subaward.
3. If you have a spouse, partner, child, close friend or relative who works for or is negotiating to work for, any organization, firm or any of its subsidiaries under consideration for a subaward.
4. If you have a spouse, partner, child, close friend, or relative who has a financial interest (including being an unpaid member of a Board of Directors) in any organization, firm, or any of its subsidiaries under consideration for a subaward.

By signing this letter, I agree to immediately inform the Chief of Party, or other member of senior management, of any changes to the above statements. In addition, I agree not to solicit nor accept gratuities, favors, or any items of monetary value from proposed subawardees.

Printed Name

Signature

Date

Annex 8C: Individual Scoring Sheet and Instructions to TEC

Offeror Name:		Reviewer Name:	
RFP #:		Date Prepared:	

Main Criteria	Subcriteria	Max Possible Score	Reviewer Score	Deduction or Other Comments
Technical Approach	Situational Analysis (provides an accurate and convincing case for the proposed activities)	5		
	Geographic Focus (the proposal targets communities in the requested geographic regions; the organization has direct experience in the targeted regions and demonstrates a clear understanding of the challenges of working in these areas)	15		
	Project Design, Technical Approaches, and Interventions (the approach clearly addresses the challenges identified in the situation analysis and positively impacts communities in the targeted regions; proposed interventions are appropriate, feasible, and likely to achieve the stated objectives; the approach adequately addresses gender and youth considerations; the proposed activities outline collaboration with other programs and offer potential investment opportunities for third-parties – e.g. other projects or donors)	35		
	Project Sustainability Plan (the post-project sustainability plan is clear and achievable; the proposal shows a strong likelihood of replication by other projects/organizations)	5		
M&E and Results Reporting	The proposed targets and results are clearly stated.	4		
	The proposed results are realistic and achievable under the proposed approach.	4		
	The plan for monitoring and reporting of results is clear, with individual roles and responsibilities for M&E and reporting assigned.	2		

Staffing, Management & Implementation	The indicated personnel are well-qualified for their proposed positions.	15	10		
	The organization's work plan is clearly and adequately described.		3		
	The proposed project has beneficial or no negative impact to the environment (see environmental assessment).		2		
Institutional Capacity/Past Performance	The organization possesses demonstrated management and technical expertise for undertaking the proposed activities.	15	8		
	Quality of performance in similar programs.		7		
TOTAL					

<p>Significant Strengths Definition: An outstanding, or exceptional aspect of an offeror's proposal that has merit and exceeds the specified performance or capability requirements in a way beneficial to the project/Fintrac, and either will be included in the subcontract or is inherent in the offeror's process and greatly increases the likelihood of successful performance.</p> <ul style="list-style-type: none"> • xxx • xxx
<p>Strengths Definition: An aspect of the proposal that increases the likelihood of successful subcontract performance.</p> <ul style="list-style-type: none"> • xxx • xxx
<p>Significant Weaknesses Definition: A flaw in the proposal that appreciably increases the risk of unsuccessful subcontract performance. (NOTE: All significant weaknesses discovered will be identified to the offeror during discussions, if conducted, and in any debriefing after award has been made. A subcontract may not be made to any offeror that fails to correct significant weaknesses that are deemed essential.)</p> <ul style="list-style-type: none"> • xxx • xxx
<p>Weaknesses Definition: A flaw in the proposal that increases the risk of unsuccessful subcontract performance.</p> <ul style="list-style-type: none"> • xxx • xxx

Annex 8D: Example of Evaluation Scoring Comparisons of Individual Reviewers

Offeror Name:	
RFP #:	

Note: Comparison table below (along with individual reviewer scoring sheets) should be used as a basis for discussion to determine consensus scores for each subcriteria.

Main Criteria	Subcriteria	Reviewer 1	Reviewer 2	Reviewer 3	AVERAGE
Technical Approach	Situational Analysis	5	4	5	4.7
	Geographic Focus	12	13	11	12.0
	Project Design, Technical Approaches, and Interventions	22	30	34	28.7
	Project Sustainability Plan	2	2	2	2.0
M&E and Results Reporting	The proposed targets and results are clearly stated.	3	4	2	3.0
	The proposed results are realistic and achievable.	3	4	4	3.7
	Clear M&E plan	1	1	1	1.0
Staffing, Management & Implementation	Personnel are well-qualified for their proposed positions.	9	8	6	7.7
	Work plan is clearly and adequately described.	2	1	2	1.7
	Has beneficial or no negative impact to the environment.	2	2	2	2.0
Institutional Capacity/Past Performance	Demonstrated management/technical expertise.	7	6	5	6.0
	Quality of performance in similar programs.	4	5	5	4.7
TOTAL		72	80	79	77.0

Attachments: Individual Reviewer's Scoring Sheets showing strengths, weaknesses, and other comments.

Annex 8E: Example TEC Consensus Findings

Offeror Name:	
RFP #:	
Date Prepared:	

Main Criteria	Subcriteria	Max Possible Score		TEC Consensus Score	
Technical Approach	Situational Analysis	60	5		
	Geographic Focus		15		
	Project Design, Technical Approaches, and Interventions		35		
	Project Sustainability Plan		5		
M&E and Results Reporting	The proposed targets and results are clearly stated	10	4		
	The proposed results are realistic and achievable		4		
	Clear M&E plan		2		
Staffing, Management & Implementation	Personnel are well-qualified for their proposed positions	15	10		
	Work plan is clearly and adequately described		3		
	Has beneficial or no negative impact to the environment		2		
Institutional Capacity/Past Performance	Demonstrated management/technical expertise	15	8		
	Quality of performance in similar programs		7		
TOTAL					

Significant Strengths

Definition: An outstanding, or exceptional aspect of an offeror’s proposal that has merit and exceeds the specified performance or capability requirements in a way beneficial to the project/Fintrac, and either will be included in the subcontract or is inherent in the offeror’s process and greatly increases the likelihood of successful performance.

- xxx
- xxx

Strengths

Definition: An aspect of the proposal that increases the likelihood of successful subcontract performance.

- xxx
- xxx

Significant Weaknesses

Definition: A flaw in the proposal that appreciably increases the risk of unsuccessful subcontract performance. (NOTE: All significant weaknesses discovered will be identified to the offeror during discussions, if conducted, and in any debriefing after award has been made. A subcontract may not be made to any offeror that fails to correct significant weaknesses that are deemed essential.)

- xxx
- xxx

Weaknesses

Definition: A flaw in the proposal that increases the risk of unsuccessful subcontract performance.

- xxx

Annex 8F: Price and Cost Analysis Guidelines

The data and information used to conduct price and cost analysis is known as “cost or pricing data” if certified or “other than cost or pricing data” if not required to be certified. This data should always be verifiable and documentable and can be broken down into two main categories as shown in the chart below.

Information to Use to Conduct Price and Cost Analysis	
<p>The Costs Themselves</p> <p>These are the actual costs that potential awardees submit in proposal/application budgets. An example is an awardee requesting a \$15,000 vehicle as part of its award budget. We can verify that a vehicle does in fact cost \$15,000 by:</p> <ul style="list-style-type: none"> • Having potential awardees submit quotes or other supporting documentation along with cost proposals; • Obtaining quotes or investigating costs yourself; or • Using previously-established costs such as those you have used recently on your own project. 	<p>Factors that Affect Cost</p> <p>These are factors that may affect costs that are incorporated in proposal/application budgets. An example is an awardee requesting 15 vehicles as part of its award budget. We can verify that the awardee does in fact need 15 vehicles for the size and scope of its project based on:</p> <ul style="list-style-type: none"> • Unit-cost trends such as those associated with labor efficiency; • Information on production and purchasing volumes; • Estimated resources to attain activity goals; and/or • Information on management decisions that could have a significant bearing on costs.

Price Analysis

Detailed price analysis and negotiation should be conducted for every award. This process should be documented in the Negotiation Memorandum. When conducting price analyses, you are looking at the overall price of the award, rather than individual costs.

Line Item	Subgrantee (US\$)	Fintrac (US\$)	Total (US\$)
Salary- Team Leader (100 days at \$400 per day)	\$4,000	\$36,000	\$40,000
Salary- Senior Consultant (57 days at \$300 per day)	\$1,710	\$15,390	\$17,100
Airfare (16 trips at \$400 per ticket)		\$6,400	\$6,400
Per Diem (157 days at \$273 per day)		\$42,861	\$42,861
Training Costs		\$7,500	\$7,500
Other Travel Costs		\$2,500	\$2,500
Communication Costs		\$5,300	\$5,300
TOTAL	\$5,710	\$115,951	\$121,661

This analysis consists of two components:

- 1) **Analyzing price against a pre-established price objective.** For awards where you are able to do so, you should establish a price objective before negotiation (see Step 2). This price objective should represent your best estimate as to what the total cost of the award will be. When conducting price analysis, you should compare your price objective to the final price

offered by the potential awardee. If the final award price comes in above or below your own price-point, an analysis as to the cause of this discrepancy and subsequent negotiations should be made. Price objectives can be established based on a number of factors including:

- 2) **Analyzing price against activity outcomes.** If you are undertaking an activity for the first time, you may not always be able to accurately establish price-points. In that case it's still necessary to undertake price analysis, so that analysis may just focus more on performance factors rather than specifically price factors. This analysis may include looking at price in the context of:
 - Number of individuals expected to benefit from program activities.
 - Expected return on project investment (i.e. income as a result of program activities compared to project investment).
 - Value of investment to country's agricultural development.

Cost Analysis

Detailed cost analysis should be conducted for every award. This process should be documented in the Negotiation Memorandum. When conducting cost analyses, you are looking at **individual** cost elements of an award, rather than the overall price. You should evaluate these elements for fairness and reasonableness.

Line Item	Subgrantee (US\$)	Fintrac (US\$)	Total (US\$)
Salary- Team Leader (100 days at \$400 per day)	\$4,000	\$36,000	\$40,000
Salary- Senior Consultant (37 days at \$350 per day)	\$1,710	\$15,390	\$17,100
Airfare (16 trips at \$400 per ticket)		\$6,400	\$6,400
Per Diem (157 days at \$273 per day)		\$42,861	\$42,861
Training Costs		\$7,500	\$7,500
Other Travel Costs		\$2,500	\$2,500
Communication Costs		\$5,300	\$5,300
TOTAL	\$5,710	\$115,951	\$121,661

The goal of cost analysis is to establish that all cost elements in a proposed budget are fair and reasonable. This means that you should be analyzing whether they make sense to include in the award budget and represent reasonable economy and efficiency. This analysis should establish that costs:

- Are realistic in terms of the work expected to be performed.
- Reflect a clear understanding of the requirements of the award.
- Are consistent with the methods of performance and materials described in the offeror's technical proposal.

Note that to help assess cost realism, cost information *may* be provided to members of the technical evaluation team in accordance with Fintrac procedures, *but* only after the technical evaluation process has been completed. TEC members may be able to provide insight into reasonableness of specific unit costs proposed by offerors for technical items within budgets due to their experience within the sector.

Step 2 of the Subaward Guidelines provides detailed instructions on how to establish a price objective. When conducting price analysis, the price objective should be compared against the final price offered

by the potential awardee. Additionally, the final price offered by the potential awardee should be compared with:

- Proposed prices received in response to the solicitation;
- Commercial prices;
- Previously proposed prices and contract prices for the same or similar items;
- Estimates (both your own and independent); and/or
- And prices obtained through market research for the same or similar items.

This analysis, as well as how it informed the overall award decision, should be documented in the **Negotiation Memorandum**. An example is provided below:

June 2013: Fintrac grants and technical staff meet to establish a solicitation for a subcontractor to assist with M&E data collection. The solicitation states that the evaluation method will be based on a “best value” determination where technical factors will be significantly more important than cost. In addition to establishing the technical scope of work for this activity, the team develops price objective of \$121,661 based on an illustrative budget informed by cost estimates and prices obtained through market research for similar items.

Line Item	Subgrantee (US\$)	Fintrac (US\$)	Total (US\$)
Salary- Team Leader (100 days at \$400 per day)	\$4,000	\$36,000	\$40,000
Salary- Senior Consultant (57 days at \$300 per day)	\$1,710	\$15,390	\$17,100
Airfare (16 trips at \$400 per ticket)		\$6,400	\$6,400
Per Diem (157 days at \$273 per day)		\$42,861	\$42,861
Training Costs		\$7,500	\$7,500
Other Travel Costs		\$2,500	\$2,500
Communication Costs		\$5,300	\$5,300
TOTAL	\$5,710	\$115,951	\$121,661

July 2013: A full and open solicitation is released for this activity on the project website and local newspapers. Three proposals are received by the due date. The total prices of the three submitted proposals were:

Offer	Total Price
Offer 1	\$550,000
Offer 2	\$120,000
Offer 3	\$150,000

Initial price analysis would show that Offer 2 and Offer 3 presented the most cost-effective option for this award with Offer 2 being the most in-line with the project’s price objective. Offer 1 *may* be eliminated for presenting a cost that is not competitive for this activity as it is so clearly out of line (much higher) than the project’s price objective and substantially higher than that proposed by other offerors.

August 2013: An award is issued to Offer 3. While this offer came in above the project’s original price objective, all costs were found to be reasonable and necessary and Offer 3 was determined to offer “best value” (a stronger technical approach that warranted the price premium).

Note that a higher priced proposal could only be selected if the RFP stated that “best value” was to be used to evaluate proposals (i.e. looking at a trade-off between price and technical). If the RFP stated that evaluation would be based on “lowest price, technically acceptable” and both Offer 2’s and Offer 3’s proposals were determined to be technically acceptable, Offeror 2 would be given the award (even if Offeror 3’s technical was significantly better technically). The RFP should also state the relative importance of cost and technical if “best value” is being used, e.g. “technical is significantly more important than price.”

When undertaking an activity for the first time, it may not always be possible to accurately establish a price objective. In that case, there are other tools that can be used to conduct price analysis:

1. Number of individuals expected to benefit from program activities

The project should have an understanding of how many individuals will benefit from an activity per US\$ invested based on historical averages and Fintrac best practices. If you are unable to accurately pre-establish a price objective, you can still undertake price analysis by looking at the number of beneficiaries a proposed activity is planning on reaching in comparison to the amount of money requested. A cost of US\$30 per farmer may seem reasonable where a cost of \$500 per farmer may not.

2. Expected return on project investment

The project should have an understanding of expected return on investment on a subaward activity based on historical averages and Fintrac best practices. If you are unable to accurately pre-establish a price objective, you can still undertake price analysis by looking at the total expected return in terms of increases in gross margin and income in comparison to the amount of money requested. An increase in beneficiary income of \$20 for every \$1 invested by the project may seem reasonable where an increase of \$1 for every \$1 invested may not.

This analysis, as well as how it informed your overall award decision, should be documented in your negotiation memorandum. An example is below:

June 2013: Fintrac subawards and technical staff are approached by a USAID about the idea of incorporating a nutrition component into the program. The Fintrac team likes the idea and sees how it will add value to the program objectives and decide to use a subcontractor to help with the implementation. They develop a solicitation outlining the objectives of the nutrition component, but are unable to establish a price objective because they would like to keep the requirements broad enough to enable offerors to propose innovative ideas that will enable the broadest outreach (number of beneficiaries) and the greatest impact (results for those beneficiaries). The RFP states that the evaluation method used will be “best value with technical significantly more important than cost.”

July 2013: A full and open solicitation is released for this activity on the project website and local newspapers. Three proposals are received by the due date. The total prices and expected outreach and impact of the three submitted proposals are:

Offer	Total Price	Farmers Reached	Price per Farmer	Impact per farmer HH
Offer 1	\$550,000	5,000 farmers	\$110 per farmer	-20% reduction in malnutrition
Offer 2	\$120,000	500 farmers	\$240 per farmer	-50% reduction in malnutrition

Offer 3	\$150,000	10,000 farmers	\$15 per farmer	-20% reduction in malnutrition
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By analyzing price against activity outcomes, the project would likely find that Offer 3 presents the best value as they are reaching the most farmers, at the least cost per farmer, with a realistic yet aggressive impact level, and had an overall highly rated technical approach. While Offeror 1 may have had a similarly rated technical approach (or even slightly higher), it was determined not to be of best value because its proposed costs were more than three times Offeror's 3 proposal, it proposed to reach only half the number of farmers, and at the same level of impact per farmer household. Offeror 2 may also have had a higher rated overall technical approach than Offeror 1, but based on a "best value" analysis it was determined that a best value "trade off" did not warrant it being given the award due to limited outreach, high cost per farmer reached, and unrealistically high impact proposed.

August 2013: An award is made to Offer 3 not only because they present the best value to the project – while not the overall lowest cost proposal, technically it was either higher (or not much lower) rated than the other proposals, offered the best price per beneficiary with good impact, and all costs were found to be fair and reasonable.

Annex 8G: Using Financial Statement to Assess Adequacy of an Offeror's Financial Resources

One of the requirements for a Responsibility Determination, is to ensure that a potential awardee offeror “has adequate financial resources to perform the contract, or the ability to obtain them.” In analyzing an offeror’s financial resources, two overarching questions need to be confirmed for an award to be made to a potential offeror:

1. Does the potential awardee have the necessary financial resources (cash flow) to cover costs prior to being reimbursed by Fintrac per normal payment terms?
2. If cost-share is required, does the potential awardee have the resources required to cover the cost-share being proposed?

To answer these questions, analyses must be conducted using information provided by the offeror itself as well as relevant information that may be available from other sources. The two primary sources to assess the financial condition and resources of a potential offeror are:

- **Credit information and other business reports from reputable reporting agencies.** The most well-known is Dun and Bradstreet (www.dnb.com) with a comprehensive report costing about \$150. Coverage may be limited for some developing country organizations, however. For US companies and other organizations however, reports will provide recent financial statements (although primarily provided by the companies themselves), a credit history (including reports on slow payments), and details on offices, branches, and ownership. For US non-profit organizations, GuideStar (www.guidestar.org) is also an excellent resource, providing free access to IRS Form 990 which provides detailed financial information.
- **Financial statements provided by the offeror.** For larger procurements that involve continuing performance over a multi-year period, the RFP should request that financial statements be submitted with the offeror’s proposal. As a norm, the last two/three full years’ financial statements and current year-to-date statements (income statement, balance sheet, cash flow statement) should be requested from and submitted by the offeror. Preferably, the full-year financial statements should have been independently audited (those that are independently audited provide a greater degree of comfort).

This annex focuses on using financial statements to help determine whether an offeror has the necessary financial resources to perform the contract if awarded. It provides a basic introduction to each type of financial statement, explains the most common entries on financial statements, and offers basic tools that can help in the analyses (i.e. financial ratios, common question prompts, examples). Note that there is no hard rule on how to assess a company’s financial capability – the reviewer must use common sense and his/her best judgment, conduct reasonable and relevant analysis, have a thorough understanding of financial statements (and financial analysis), and ask questions of the offeror to explain and resolve potential financial deficiencies.

Financial Statement Basics. There are three main types of financial statements produced by organizations:

1. The **balance sheet** presents a company's assets, liabilities, and stockholders' equity at a specific point in time (generally at the end of the company's fiscal year or any other date specified on the statement). A sample balance sheet is provided in Figure 2.
2. The **income statement** presents income and expenses over a specified period of time (e.g. for a month, quarter, year or other period) with a bottom line net profit (or loss) for that period. The bottom line net profit (or loss) flows to the balance sheet by either increasing (or decreasing) retained earnings. A sample income statement is provided in Figure 1.
3. The **statement of cash flows** shows the amounts and sources of cash inflows and cash outflows over a specified period of time. The cash flow statement essentially shows how net income as reported in the income statement is traced back to the cash balance on the balance sheet, by adding in cash in-flows or subtracting cash out-flows not reflected on the income statement, and adding back in non-cash expenses that are reflected on the income statement. A sample statement of cash flows is provided in Figure 1.

Most financial statements (particularly those that have been audited) include additional explanatory notes that can also provide valuable information. If the financial statements have also been independently audited, also take note of any *qualified opinions* or *control weaknesses* mentioned in the cover letter from the auditor (if there are, these are major warning signs).

Analyzing the Balance Sheet. A balance sheet is divided into two major sections – (1) Assets; and (2) Liabilities and Stockholders' Equity. They must always equal.

Current assets are comprised of cash, other assets that can be converted to cash within the next 12 months (e.g. a three-month certificate of deposit in a bank, accounts receivable from invoices with 30-day payment periods, etc.), and expenses that have already been paid but are for services/goods that will actually be delivered/provided over the next 12 months (e.g. if payment for employee health insurance was made for a one year policy term on November 1st for \$12,000, \$10,000 would appear as a prepaid expense on December 31st because that portion of the actual service/expense is for the following year). While not shown in Figure 1 below, inventory may also be shown as a current asset.

Fixed assets, also sometimes called “non-current assets” are not easily converted to cash. These could be longer-term investments that do not mature until after the following year, property owned (building, land, vehicles, etc.), and equipment. Fixed assets are shown net of accumulated depreciation of that asset since most fixed assets (e.g. furniture, computers, and vehicles) lose value over time and they cannot be sold at their original purchase price.

Liabilities are also divided between those that are current (due within the next 12 months) and those that are long-term (not due within the next year). Lines of credit, if any, are nearly always a current liability as they are short-term financing vehicles often dependent on a portion of current accounts receivable (e.g. a bank may limit a line of credit drawdown to 75% of current A/R). If there is long-term debt, the portion that is due within the next 12 months must also be shown as a current liability. Accrued expenses are costs that have been incurred but not yet paid but due in the short-term (e.g. a telephone bill received on December 15th but not payable until the following year in January would appear on the December 31st balance sheet as an accrued expense under current liabilities).

The *stockholder's equity* portion is in effect the difference between total assets and total liabilities – it is the net book worth of the company. If positive, the company has likely been profitable (at least for most years). If negative or low, profitability could be a problem or it could be a sign that the shareholders have paid themselves large dividends over the years (instead of “reinvesting” earnings into the company). A negative or continued declining shareholders' equity should raise concerns.

Liquidity Ratios. Liquidity ratios can be used to help determine a company's ability to meet its short-term debt and other expense obligations. An organization which is constantly struggling to meet its short-term debt has a higher risk of bankruptcy and is likely to have financial troubles during the implementation of the project. A company that already has minimal cash and/or no access to other financial resources will be highly unlikely to be able to take on and finance new work.

Liquidity ratios are calculated using balance sheet items. The most common are the current ratio, the quick ratio, and the cash ratio:

The current ratio measures the company's current assets against its current liabilities. The higher the ratio the more likely that a company has the required current assets to cover its short-term liabilities. The ratio is calculated as follows:

$$\text{Current Assets} \div \text{Current Liabilities}$$

From Figure 1, the current ratios for the period 2010-2012 are 2.20, 1.80, and 3.07, respectively. These are strong ratios. In effect, current assets are generally double or more current liabilities. Ratios under 1.00 should be of a concern; but even ratios over 1.00 (e.g. 1.25) offer little room for error – particularly if some of the current assets are less convertible than thought (e.g. if some of the A/R is past due and may not be collectable).

The quick ratio therefore focuses only on the most liquid assets – it would exclude any inventory (since it will be hard to liquidate this asset at market value quickly) and other items such as prepaid expenses (which are generally not refundable and therefore convertible to cash). The quick ratio is more conservative than the current ratio and may give a better idea on the (very) short-term liquidity of a company. The ratio is calculated as follow:

$$[\text{Cash \& Cash Equivalent} + \text{Short-Term Investments} + \text{Accounts Receivables}] \div \text{Current Liabilities}$$

From Figure 1, the quick ratios for the period 2010-2012 are 2.11, 1.74, and 2.94, respectively. These are also strong ratios, primarily because this company is a service company and therefore has no inventory and also that most of its current assets are in fact very liquid. Ratios just above, at, or under 1.00 should be of great concern.

The most conservative ratio is the cash ratio, which only takes cash and cash equivalents into account. The ratio is calculated as follow:

$$[\text{Cash \& Cash Equivalents}] \div \text{Current Liabilities}$$

From Figure 1, the quick ratios for the period 2010-2012 are 0.70, 0.42, and 0.84, respectively. While the ratios are under 1.00 (a warning sign for the other ratios), this ratio requires a closer look to determine its meaning. This company has a lot of Accounts Receivable in its Current Assets (that are

excluded from the numerator is this ratio's calculation), if the Accounts Receivable are very short-term and highly likely to be collected (e.g. all expected to be received in the next 30 days), a ratio under 1.00 may not be much of a concern. Likewise, if the line of credit balance in current liabilities is based on a certain percentage of A/R, the company may be able to draw down more on its line of credit to handle short-term cash needs (e.g. if the line of credit was limited by the bank to 75% of accounts receivable, the company could still draw down an additional \$350 thousand of its available line).

While the calculation of the ratios is easy, interpreting the ratios is more difficult as there is no hard rule as to what ratio level is "good" versus one that could be a warning sign. The balance sheet must be looked at in more detail to ascertain whether a particular ratio is worrisome, and additional information and other analysis is always required (beyond the ratios) to more conclusively assess the adequacy of an offeror's financial resources. The ratios are simply tools that can be used as a starting point to ask more questions.

It is also always preferable to ask the offeror to submit the current year-to-date financial statement and the financial statement of the least two previous years in order to perform a time-series analysis and verify whether the company:

- Has been able to maintain a solid liquidity ratio;
- Whether the ratios have improved over the period; or
- If they the ratios have decreased, whether that indicates that the company may have short-term and/or accelerating financial problems.

Generally speaking, when comparing the liquidity ratios, we also have to keep in mind that an extremely good and constant ratio does not always mean that the company has a solid financial back ground. The company may show that the total current assets are high enough to cover the total current liabilities, however, when we examine for example the trade receivables, we may find out that the high balance is the result of long overdue balances (e.g. 60 days and more), which may indicate that the company's customers are in financial problems, and not able to pay their bills to the company, and or that the company may not have a good accounts receivable follow up, and cash management. On the other hand, as already indicated, a lower ratio is not necessarily a bad one, when for example the company has obtained better payment terms with their suppliers, which result in higher outstanding accounts payable balances at the end of a fiscal year.

Figure 1: Balance Sheet			
	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012
ASSETS	784,831	1,135,110	1,104,355
Current Assets	751,737	1,096,817	1,069,715
Cash and Cash Equivalents	239,435	253,282	292,346
Accounts Receivable	479,943	809,338	731,328
Employee Advances & Other Receivables	8,221	5,415	9,814
Prepaid Expenses	24,137	28,782	36,227
Fixed Assets	33,095	38,293	34,640
Furniture & Equipment	76,873	96,136	110,224
Less: Accumulated Depreciation	(43,778)	(57,843)	(75,584)

Figure I: Balance Sheet			
	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012
LIABILITIES & STOCKHOLDERS' EQUITY	784,831	1,135,110	1,004,355
LIABILITIES	359,217	610,053	348,018
Current Liabilities	341,584	610,053	348,018
Accounts Payable	19,652	10,717	12,670
Current Portion of Long-term Debt	3,880	-	-
Line of Credit Payable (Max \$600,000)	200,000	405,000	246,841
Accrued Expenses	118,052	194,336	88,507
Long-term Liabilities	17,633	-	-
Long-term Debt	17,633	-	-
STOCKHOLDERS' EQUITY	425,614	525,057	656,337
Common Stock at Par Value	100	100	100
Retained Earnings	425,514	524,957	656,237

Other Information from the Balance Sheet. Other line items in the balance sheet can also provide more information on an offeror's financial condition and capability:

- Is the company heavily leveraged? In other words, does the company have excessive debt relative to shareholder equity? In the example above, the company had minimal long-term debt in the first year but it was entirely paid off in the following year – it has no long-term debt as of the latest balance sheet. There are a number of various formulas used to obtain a debt-equity ratio that can be used to help in this analysis:

Debt ÷ Equity	38%	2/5
Long-term Debt ÷ Equity	0%	0/1
Total Liabilities ÷ Equity	53%	1/2

The examples above are for the latest year of the sample company. They show that the company is not at all heavily leveraged, and has a high level of equity – primarily because of retained earnings (the owners have elected to keep profits in the company to finance growth). Looking at the ratios over time, it is also apparent that the company has shown improvement in this ratio over the last year (i.e. is moving in a positive direction).

- How has the proportion of individual current assets and current liabilities changed over time? The table below shows the percentage composition of each sub line item for each category for the balance sheet in Figure I. What can be seen is that the company has been making more use of its line of credit, which would make sense given that it has had strong and rapid growth over the period (as shown in its Income Statement), and therefore likely has had higher levels of Account Receivable (which is also shown to be the case).

Current Assets	100%	100%	100%
Cash and Cash Equivalents	32%	23%	27%
Accounts Receivable	64%	74%	68%
Employee Advances & Other Receivables	1%	0%	1%
Prepaid Expenses	3%	3%	3%
Current Liabilities	100%	100%	100%
Accounts Payable	6%	2%	4%
Current Portion of Longterm Debt	1%	0%	0%
Line of Credit Payable (Max \$600,000)	59%	66%	71%
Accrued Expenses	35%	32%	25%

- Related to accounts receivable (and likely requiring asking for additional information from the offeror), what are normal payment terms offered by the company (net 30, net 60, other?), what is the current accounts receivable comprised of (in terms of both customers and aging)? This is important to understand if the company is dependent on only one or a few customers (higher risk) and whether the company's customers pay on time (how good the company's collections systems are)? To obtain this information, you may need to request a recent *A/R aging schedule* from the offeror.
- Besides cash, what other financing options does the company have? The balance sheet in the example, shows that the company has a line of credit with a maximum line balance of \$600,000. As of the latest balance sheet, it has only availed itself of roughly 40% of that line and therefore could still access another \$353,159. However, there may be limitations on the amount of the \$600,000 that can be drawn (e.g. many banks set limits at a certain amount of current accounts receivables.) If the limit was set at 75% of current (not past due) accounts receivable and we assume that all accounts receivable are current, the company could draw down the an additional \$301,655 at current receivable levels [Calculation: $\text{MINIMUM}(\$731,328 \times 75\%, 600,000) - 246,841$]. The amount would depend however on the amount of the A/R that was indeed current (not past due) and the percentage of A/R set by the bank.
- Is the line of credit sufficient to cover the size of the expected project? If not, will the company's bank be willing to increase the line of credit (i.e. based on the company's assigning its subcontract with Fintrac to the bank) or obtain other types of financing? Based on the previous example, and knowing the estimated cost of the project, we can *roughly estimate* the company's financing needs for the proposed Fintrac program and whether they will have enough cash or other financial sources to finance the project (the table below shows calculations at various expected monthly project expenditure amounts, and makes broad assumptions including that the company maintains other non-Fintrac business at current levels).

A	Monthly expected project expenditures	100,000	250,000	500,000
B	Months from expense payment until Fintrac reimbursement	1.5	1.5	1.5
C	Total cash and/or financing needs [A x B]	150,000	375,000	750,000
D	75% of A/R for project invoices (LOC limit)-- assumed A/R is at monthly expenditure level [A x 75%]	75,000	187,500	375,000
E	Current LOC balance (based on A/R for non-Fintrac programs from Balance Sheet)	301,655	301,655	301,655
F	Total LOC needs [D + E]	376,655	489,155	676,655
G	Excess at current \$600,000 LOC limit [MIN(F-600000,0)]	-	-	(76,655)
H	Cash needs required (not from financing sources) [C-D-G]	75,000	187,500	451,655
I	Current cash balance [from Balance Sheet]	292,346	292,346	292,346
J	Cash balance excess (shortage)[I-H]	217,346	104,846	(159,309)

Based on the above analysis, and given the assumptions made, the company would likely be easily able to finance a Fintrac program with expected expenditures of \$100,000 per month. At a level of \$250,000 per month, cash becomes tighter and the LOC availability becomes lower, but the company would still be likely able to finance the program. At \$500,000 per month project level, the company clearly does not have either the cash or LOC resources to finance the project – even if the LOC maximum level were to be raised, additional financial resources would be required to cover an expected cash shortfall (e.g. shareholders put in more equity, the company gets long-term financing, etc.).

Analyzing the Income Statement. Income statements are generally presented in three areas: *revenue* (income/sales), *cost of revenue* (or costs of goods sold if the company sells physical products as opposed to services), and *indirect expenses* (those that are not billed directly to a client – also called overhead). The difference between revenue and the cost of revenue is referred to as either *gross profit* or *gross margin* – it can be thought of as the amount of mark-up left over from billings to customers to cover indirect/overhead costs and provide a *profit* (net income) to the company. If the gross margin is not enough to cover indirect/overhead expenses, the company would show a net loss.

Note well that the income statement does not represent cash flows as some of the income and expenses shown may have been paid in a previous period (and not booked as an expense until the current period), may have been accrued as an expense in the current period (but will not be paid until a later period), or are not cash expense at all (e.g. depreciation, amortization, bad debt expense, etc.). Some cash outflows (e.g. repayment of loan principal) and inflows (e.g. receipt of loan proceeds) would not even appear on an income statement. Therefore, a company with a negative net income, may actually have a positive cash flow – and a company with a positive net income could theoretically have a negative cash flow. That is where the statement of cash flows becomes useful.

Questions that should be asked when reviewing an income statement include:

- Has the company been growing or contracting over time? In the example shown in Figure 2, the company has been growing. If it had been contracting, reasons for that contraction should be sought (e.g. loss of work due to poor performance?).
- If the company has been growing, how rapid has that growth been? In the example, below the growth has been very rapid – 45 percent in 2011 (from 2010) and an additional 20 percent in 2012.
- How well has it been able to handle rapid growth – e.g. has it been able to ramp up indirect support activities? Based on the total expenses line item (where growth has been at 32 percent for 2011 and 18 percent for 2012), it would *appear* that it was able to ramp up support activities at a sufficient pace to handle the growth. While they are at slightly lower rates than the revenue growth, this *could* also point to improved efficiencies within the organization (i.e. economies of scale).
- If the offeror was to be awarded the subcontract by Fintrac, how significant would that subcontract be in terms of overall sales? If the contract was for \$500,000 per year, that would represent an increase of about 11 percent over current sales (*likely* doable for the company). But, if the contract was for \$3 million per year, that would be an increase of 65% in sales – and there would be a question of whether the company could handle that level of growth both in terms of technical, management, and administrative support ... as well as in financing (discussed above under Balance Sheets).
- Has the company been making profits or showing losses over the periods, and what is the trend? In the example, the company has shown a profit every year, but that profit has been small in the last two years and a decreasing percentage of total sales (from 8 percent in 2010 to 3 percent in the latter two years). Is that profit margin normal for the sector/industry? Why has the profit margin been declining? If the company has been having regular losses that should be a matter of concern.
- What have shareholders done with the net profit – i.e. have they taken it out as dividends or have they “reinvested” it in the company? This can be determined by looking back to the balance sheet at the retained earnings line item. If the change in retained earnings between years is less than the positive net profit, shareholders are paying themselves dividends (the difference is the dividend payment). While dividends are expected to be paid to shareholders at reasonable levels (investors expect a return on their investment!), but excessive dividend payments may question the shareholders’ commitment to reinvesting the company’s earnings to support future growth. In the example, net income for every year has been “retained” by the company and not distributed to shareholders – i.e. the shareholders have taken the decision to reinvest earnings into the company for growth.
- What percentage of revenue or costs of revenue do indirect expenses comprise (a rough determination of a company’s overhead rate)? In the example, indirect expenses (those that are not included in costs of revenue) accounted for 20% of total revenue in 2012 and 26% of total costs of revenue. While there is no hard and fast rule on what an appropriate overhead rate is (particularly since some companies may treat a cost as a cost of revenue while others may treat the same cost as an indirect expense), overhead as a percent of revenue that is under 25 percent is generally reasonable.

- How has the effective overhead rate changed over time? If increasing, that could mean that the company is becoming less efficient – and more expensive. Are they able to effectively control costs? In the example, the overhead rate is actually decreasing for the company – suggesting efficiencies. If decreasing too fast, it could also suggest that the company has been unable to scale up management and administrative functions quick enough to handle expansion.
- How is the offeror proposing to recover overhead under its cost proposal to Fintrac? This is very important, as if the offeror does not have a mechanism to recover these costs, they will likely not be able to sustain operations. US companies and non-profits will often have an approved Negotiated Indirect Cost Rate Agreement (NICRA) from the US Government which allows them to apply indirect cost rate percentages to specific direct cost line items (e.g. overhead, fringe, G&A). But, non-US firms and non-profits are often not allowed to do this under US government contracts or grants (including subcontracts and subgrants). So, by what mechanism is the offeror proposing to do this under this potential subaward – directly billing indirect costs? Charging an indirect cost rate that was previously allowed by USAID on another subcontract or subaward?

	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012
REVENUE	2,649,735	3,853,383	4,636,155
Project Revenue	2,648,821	3,852,224	4,635,736
Other Revenue	914	1,159	419
COST OF REVENUE	1,849,556	2,969,726	3,575,748
Project Expenses	1,849,556	2,969,726	3,575,748
GROSS PROFIT/MARGIN	800,179	883,657	1,060,408
EXPENSES	595,745	784,214	929,128
Salaries	294,690	387,254	500,849
Employee Benefits & Payroll Taxes	111,204	159,569	192,977
Rent & Utilities	37,667	46,757	57,476
Interest & Loan Fees	4,988	20,534	11,692
Depreciation & Amortization	9,725	14,300	17,798
Taxes	35,283	6,400	10,683
Other Expenses	102,186	149,401	137,653
NET INCOME (LOSS)	204,434	99,443	131,280

Analyzing the Statement of Cash Flows. The statement of cash flows helps to tie in the company's change in cash balance (from the beginning of the year to the end of the year) to the net income reported for that year (remember that the income statement does include all cash transactions and some income statement items are not cash transactions!).

The statement of cash flows, helps to determine how the company generates its cash flow – from operations, from investments, and/or from financing. As Figure 3 shows, it is rather straightforward. For the example company, in 2012 the company generated most of its cash needs from operations (although

this does not show the likely frequent drawdowns from and paybacks to the line of credit – jus the net amount over the year). In the two previous years, operating activities were a negative source of cash (likely high levels of receivables at the end of the year), and the company was required to increase its line of credit balance (shown as “notes payable – current portion” below) to finance its cash needs.

Figure 3: Statement of Cash Flows (12 months ending)			
	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES	(99,338)	(150,141)	211,368
Net Income (Loss)	204,434	99,443	131,280
Adjustments to convert Net Income (Loss) to net cash provided by operating activities			
Depreciation & Amortization	9,725	14,300	17,798
Changes in Operating Assets and Liabilities	(313,497)	(263,884)	62,290
Accounts and Other Receivables	(206,037)	(326,589)	73,612
Prepaid & Accrued Expenses	(123,361)	71,639	(13,274)
Accounts Payable	15,901	(8,934)	1,953
CASH FLOWS FROM INVESTING ACTIVITIES	(18,086)	(19,498)	(14,145)
Furniture & Equipment	(18,086)	(19,498)	(14,145)
CASH FLOWS FROM FINANCING ACTIVITIES	196,348	183,487	(158,159)
Notes Payable (Current Portion)	200,230	201,120	(158,159)
Notes Payable (Long-term Portion)	(3,882)	(17,633)	-
NET INCREASE (DECREASE) IN CASH	78,924	13,847	39,064
Cash and cash equivalents - beginning of year	160,511	239,435	253,282
Cash and cash equivalents - end of year	239,435	253,282	292,346

Annex 8H: Example of Final Selection Recommendation

In November 2012, Partnering for Innovation released a Request for Expressions of Interest for technology commercialization plans in the developing world. In accordance with the program's grant manual and procedures, the Partnering for Innovation Grants Manager convened an Internal Review Committee of technical experts on the Partnering for Innovation team (including a technical representative from USAID). IRC members were divided into three teams of two. Each team was assigned 40 Expressions of Interest, at random with some adjustments made for potential Conflicts of Interest to review. Each team identified 10-15 Expressions of Interest through numeric scoring of IRC evaluation criteria (potential size of commercial market, potential scalability, impact of technology on smallholder farmers, technology benefits and is accessible to women, innovativeness of technology over current practices, environmental impact, experience working with technology in other markets), which was then scored by the entire IRC team and ranked based on cumulative score. XYZ Corporation ranked 15th with a score of 47.67 out of a possible 70 points (the highest score was 51.83 points). The top 20 Expressions of Interest (EOIs) were invited to submit full applications which included ten pages on technical approach, a milestone plan, and a budget with cost notes. These applications were submitted on March 7, 2013, and reviewed on March 17 and 18, 2013 by a committee of external experts in agriculture technology markets. XYZ was ranked ninth on the basis of the following evaluation criteria: potential impact on smallholders, commercialization, specific impact on women, scalability, and organizational and team capabilities. Based on the budget for this round of grants, it was determined that the top 10 grants would go through the due diligence process and, if they were determined fit to implement, receive grant awards.

Annex 8I: Sample Selection Memo

Completed by: Joe Shmo, Grants Manager

Submitted: 1 May 2014

Solicitation information: On November 26, 2013, KAVES posted an RFP for x, y, and z. The RFP was posted on the Fintrac website, our office, and was sent to the local government agriculture agents for posting in their offices. The RFP stated that there would be a two part review. If an organization passed the technical portion then they would be requested to submit a budget. The deadline for submissions was set at Friday, December 13, at 5PM. The deadline for questions was X. We received three questions which were then added to the RFP online on [date].

Submissions: By the deadline, the office received proposals from [number] organizations. [number] were received after the deadline and were rejected without review. Of the submissions by the deadline, [number] did not meet the minimum criteria and were removed. On [date] the technical review committee met to read and score the remaining proposals. The technical review committee included: [names here]. The evaluation criteria had been included in the RFP. At the beginning of the meeting there was a significant amount of discussion on how to standardize the rating system. Once the proposals were all scored, the figures were compiled and the top five scoring organizations were chosen. See the attached scoring sheet for the committees compiled results.

Second Phase: On [date] the five organizations listed here were invited to submit a budget for their proposal by [date]. [name, title] contacted the following organizations by email and followed up with a phone call to make sure they had received the information:

- [org name]
- [org name]
- [org name]

By the deadline, all five submitted budgets. A second committee was empaneled to score the budgets on [date]. The members were [names here]. The budgets were evaluated for x and y. After compiling the results, RSS was the highest scoring on the cost section (see details in the attached scoring sheet). Organizations that did not reach this phase were sent letters on [date] informing them that they had not qualified for this round.

Selection: Due to the top two candidates having scores within two points of each other, the committee determined that both should be given feedback and asked to submit revised budgets. The committee documented their concerns in the attached meeting notes. On [date] Fintrac staff including [names, titles] held a meeting with [org names] and asked for a revised budget to be submitted by [date]. On the deadline, 1 organization had submitted a revised budget, so they were determined to be the winner.

Negotiation: On [date] [Fintrac staff names] met with [organization names] to revise the budget and sharpen the scope of work. In this meeting the submitted budget for [xx] was reduced to [yy] by removing p, revising the travel requirements, and whatever else. Further details are located in the negotiation memo.

Annex 9A: Example of Notification to Offerors Excluded from Top Candidates

December 1, 2014

John Doe Company
P.O. Box XXXX
Dar es Salaam, Tanzania
Phone:
Email:

Subject: Grant Application from USAID-TAPP

Dear Sir/Madam:

Thank you for your response to USAID-TAPP's request for grant proposals published in the newspaper on April 2, 2013. We received over 150 proposals in response to our request, but unfortunately we are able to support only a few proposed activities, and I regret to inform you that your proposal was not approved for funding.

Thank you again for your interest in partnering with USAID-TAPP to support smallholder farmers, and we hope you will continue to consider partnership opportunities with us as they become available. We encourage you to look for future calls for concept letters in your local newspaper or on our website at www.tanzania-agric.org.

Sincerely,

Antonio Coello
Chief of Party, USAID-TAPP

Annex 9B: Guidelines for Debriefing Unsuccessful Offerors

Unsuccessful offerors should be notified in writing when they are excluded from the competition, thanking them for their offer and noting that they may request (in writing) a debriefing from Fintrac within three days after receipt of Fintrac's notice. Fintrac is not required to provide oral debriefings – all Fintrac debriefings should be in writing so that there is a proper document trail. Debriefings should be timely (generally within five days of the request) and should include only that information required by Fintrac to provide.

A Debriefing BEFORE the Award Has Been Made

If an award has yet to be made (e.g. the offeror was excluded as part of the competitive range determination; the final award is still being negotiated with the apparently successful offeror), there are limits as to what information may be provided the unsuccessful offeror in a debriefing in order to protect the ongoing procurement process (see Figure W.1). The unsuccessful offeror should be notified of those limits, and be given the option of delaying the debriefing until after the award has been made, at which more information can be provided by Fintrac. If the unsuccessful offeror does not elect to delay the debriefing, Fintrac is not required to and will not provide a second debriefing after the award has been made.

Every effort should be made to debrief the unsuccessful offeror as soon as practicable, but in some circumstances there may be compelling reasons that where it would be in the best interests of Fintrac to refuse the request for a pre-award debriefing. If so, the rationale for delaying the debriefing until post-award shall be documented in the subcontract file. If Fintrac delays the debriefing until post-award, the debriefing shall include all the information allowed to be revealed in a post-award debriefing.

A Debriefing AFTER the Award Has Been Made

After an award has been made, debriefing can contain additional information and details that are not allowed to be revealed in a debriefing given prior to the award being made. See Figure W.2 for what should be provided and what cannot be provided in a post-award debriefing.

Pre-Award Debriefings

At a minimum, pre-award debriefings shall include:

- Fintrac's evaluation of significant elements in the offeror's proposal;
- A summary of the rationale for eliminating the offeror from the competition; and
- Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed in the process of eliminating the offeror from the competition.

Pre-award debriefings shall not disclose:

- The identity of other offerors;
- The content of other offerors' proposals;
- The ranking of other offerors;
- The evaluation of other offerors; or
- Any of the information prohibited from being disclosed in a post-award debriefing

Post-Award Debriefings

At a minimum, post-award debriefings shall include:

- Fintrac's evaluation of the significant weaknesses or deficiencies in the offeror's proposal, if applicable;
- The overall evaluated cost or price (including unit prices) and technical rating, if applicable, of the successful offeror and the debriefed offeror, and past performance information on the debriefed offeror;
- The overall ranking of all offerors, when any ranking was developed by Fintrac during the source selection;
- A summary of the rationale for award;
- For acquisitions of commercial items, the make and model of the item to be delivered by the successful offeror; and
- Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed.

The debriefing shall not include:

- point-by-point comparisons of the debriefed offeror's proposal with those of other offerors;
- any portions of other offerors' technical or cost proposals;
- trade secrets;
- privileged or confidential manufacturing processes and techniques;
- commercial and financial information that is privileged or confidential, including cost breakdowns, profit, indirect cost rates, and similar information; and
- the names of individuals providing reference information about an offeror's past performance.

All debriefings sent to unsuccessful offerors should be kept as part of the solicitation file.

Annex 10A: Conducting Reference Checks

Below are questions to ask a past performance reference. It can be performed via telephone (preferred) or e-mailed to the references.

Past Performance Questionnaire

RFP/RFA

Date: _____

Reference Check For: [organization name]

Caller's Name: _____

Person Contacted: _____

[Insert proposed organization's name] has submitted your name to [insert Fintrac project name] as a reference on a proposal. I would like to ask you a few questions about the work they performed for you on [insert activity name].

1. Please describe the activity [insert organization name] performed for your organization:
2. What is the total price of the work they performed for you?
3. Were they able to meet your delivery schedule?
4. Please describe an area in which the organization excelled.
5. Please describe an area in which a problem arose and how the organization corrected it.
6. Was the organization cooperative in resolving issues?
7. Did the organization use personnel with the appropriate skills and expertise?
8. How would you rate the overall quality of the organization's team on a scale of 1-10 with 10 the highest score?
9. Would you hire the organization again?

Add other questions, as necessary, which are relevant to your particular requirement such as technical or geographical areas. Keep in mind that shorter is better since references may not have much time or inclination to answer pages of questions.

Annex IIA: Negotiation Memorandum Template- US based Organization

Subcontractor/Grantee (“Sub”):	<i>Enter Organization’s legal name</i>		
Project Name:	<i>Enter prime project name</i>		
Nationality of Organization:	United States	DUNS number:	<i>Required for all federal funded awards- except GUCs</i>
Subaward Start Date:	<i>Select start date</i>	Subaward End Date:	<i>Select end date</i>
Subaward Amount:	<i>Total Fintrac funds transferred to Sub</i>	Sub Contribution:	<i>If applicable</i>
Total Subaward Budget	<i>(subaward amount + contribution)</i>		
Name(s) of Fintrac negotiator(s)	<i>Enter Fintrac staff names here.</i>		
Name(s) of Sub negotiator(s)	<i>Enter Sub staff names here.</i>		

SUBAWARD TYPE <i>Select the subaward type that applies to this subaward:</i>	
Assistance	Acquisition
<input type="checkbox"/> Grant (including GUC) <input type="checkbox"/> Tech Fund <input type="checkbox"/> In-kind Grant <input type="checkbox"/> Partner Fund	<input type="checkbox"/> Subcontract <input type="checkbox"/> Partner Fund <input type="checkbox"/> Tech Fund <input type="checkbox"/> Other <i>Explain here</i>
On what basis did you select this subaward type? <i>Explain here</i>	

Payment Type	Sub Contribution Type
<input type="checkbox"/> Cost Reimbursable <input type="checkbox"/> Fixed Obligation/Fixed Price <input type="checkbox"/> In-kind <input type="checkbox"/> Other <i>Explain here</i>	<input type="checkbox"/> Cost Share <input type="checkbox"/> Leverage <input type="checkbox"/> Other <i>Explain here</i>

PURPOSE AND OBJECTIVES
<i>This should state the purpose and objectives of this subaward (not the project in general).</i>

SELECTION PROCESS <i>How was the sub selected? Check an answer that applies:</i>	
<input type="checkbox"/> Fintrac selected sub competitively and openly through a Request For Proposals (RFP) or Request For Application (RFA) process. Selection memo attached here.	
<input type="checkbox"/> Fintrac selected sub competitively through an Expression of Interest. Documentation should be in the file.	
<input type="checkbox"/> Fintrac selected sub noncompetitively.	<i>Please explain basis for selection</i>
<input type="checkbox"/> Other:	<i>Explain</i>

DETERMINE WHETHER LIKELY AWARDEE IS RESPONSIBLE	
1. Management Capacity	Describe management oversight. For example, does the Sub have the management capacity to support the success of this project? <i>Please explain</i>
2. Financial Capacity	Describe Sub's ability and capacity to manage donor funds. This assessment will help determine the most effective payment method for this subaward. <i>Describe here</i> <ol style="list-style-type: none"> What are their financial strengths? <i>Enter here</i> What financial weaknesses were noted? <i>Enter here</i>
3. Past Performance	State Sub's past performance feedback received from previous assignments with Fintrac or other clients for similar type of work. <i>Past performance feedback from Fintrac staffers or former clients ensures Fintrac of the Sub's track record.</i>
4. Conflict of Interest	Describe any possible conflicts of interest with Fintrac or Fintrac staff. <i>Examples can include but not limited to former Fintrac staff, relatives of staff, or previous connections that might be perceived as keeping Fintrac from conducting arms-length negotiations with this Sub.</i>

TECHNICAL NEGOTIATION
Describe technical negotiations that occurred between Fintrac and the Sub. For example, who wrote the scope of work? Who reviewed it for technical feasibility and fit with the overall program? Were any changes made to the original submission? What were the changes and why were they made? <i>Explain here</i>

GENERAL COST AND PRICE NEGOTIATION			
Independent Price Objective:	<i>Price objective, if done prior to selection</i>	Sub Original Proposed Price:	<i>Originally submitted budget amount</i>
Some form of cost and price analysis must be done. The subaward amount must be analyzed and determined as reasonable, allocable and allowable. If fixed price, include detailed budget as an attachment to the negotiation memo. <i>What type of cost or price analysis was done? Explain here</i>			
1. What were the principal elements of the price negotiations? Discuss any changes to the budget which occurred during the negotiation of this award. <i>Who was involved? What were the dates? Were negotiations done by email or in person? Explain here</i>			
2. What were the most significant considerations in negotiating the prices? <i>Please explain:</i>			
3. Was certified cost or pricing data submitted? If so, did Fintrac use it to determine the final budget? <i>Please explain:</i>			
4. Was there an independent price objective? What are the reasons for any significant differences between the objective and the final cost? <i>Please explain:</i>			
5. Does the budget include a sub contribution? If so, who evaluated the costs included? How did they determine the costs were reasonable, allowable, and allocable? <i>Please explain:</i>			

SPECIFIC COST NEGOTIATION ELEMENTS

1. Salaries and Wages

<input type="checkbox"/>	1.1 Basis for proposed labor rates are identified
<input type="checkbox"/>	1.2 LOE is reasonable to complete the expected SOW and meet expected results
<input type="checkbox"/>	1.3 Costs for identified personnel are in accordance with actual labor rates/salaries
<input type="checkbox"/>	1.4 Costs for TBD personnel are reasonable estimates based on historical use or other reasonable estimation methods
<input type="checkbox"/>	1.5 The salary inflation/escalation rate used is reasonable
<input type="checkbox"/>	1.6 Proposed direct charges of home office time are reasonable and not excessive
Additional Comments: <i>if necessary</i>	

2. Travel & Transportation

<input type="checkbox"/>	2.1 Proposed costs are reasonable in terms of both units and costs proposed
<input type="checkbox"/>	2.2 R&R travel for LT expatriate personnel and dependents is reasonable and based on allowable post destination (units and unit costs are reasonable)
<input type="checkbox"/>	2.3 Home leave travel for LT personnel and dependents is reasonable and based on allowable post destination (units and unit costs are reasonable)
<input type="checkbox"/>	2.4 All proposed travel is necessary for proper conduct of the proposed SOW in the subaward
<input type="checkbox"/>	2.5 Budgeted trips for other LT and ST activities are reasonable in terms of both units and unit costs
<input type="checkbox"/>	2.6 Budgeted units and unit costs for expatriate LTTA airfreight, HHE shipment, HHE storage, POV shipment are allowable and reasonable
<input type="checkbox"/>	2.7 Ground transportation charges for all trips are reasonable and justified
Additional Comments: <i>if necessary</i>	

3. Allowances

<input type="checkbox"/>	3.1 The proposed items are reasonable in both units and unit costs proposed.
<input type="checkbox"/>	3.2 LTTA allowances (post differential, COLA, education, educational travel, housing, etc.) are allowable, correctly estimated based on USG regulations, and are not escalated by an inflationary factor
<input type="checkbox"/>	3.3 Per diem (lodging and M&IE) estimates are reasonable based on the work to be performed and the place of performance
<input type="checkbox"/>	3.4 Per diem (lodging and M&IE) estimates follow USG-approved per diem rates for the locations specified
Additional Comments: <i>if necessary</i>	

4. Other Direct Costs

<input type="checkbox"/>	4.1 All items are expendable (no equipment is included under this category)
<input type="checkbox"/>	4.2 All units are clearly understood and reasonable
<input type="checkbox"/>	4.3 DBA charges are correctly estimated at currently negotiated USAID rates and are applied to the correct base
<input type="checkbox"/>	4.4. Medex charges are correctly estimated at current rates and are applied to the correct base
<input type="checkbox"/>	4.5 Necessary other insurances have been budgeted (e.g. vehicle insurance, etc.)
<input type="checkbox"/>	4.6 Communications charges are reasonable
<input type="checkbox"/>	4.7 All charges for operation or maintenance of vehicles are reasonable

Additional Comments: *if necessary*

5. Equipment/Freight

- 5.1 Value of computer and other office equipment is reasonable in terms of both units and unit costs
- 5.2 Vehicles included in budget are necessary to do the work required and are budgeted at rates for non-luxury vehicles
- 5.3 Specialty technical equipment included in the budget is adequately explained to make a positive determination for its inclusion (particularly relevant for non-horticultural items where Fintrac does not have firsthand knowledge of costs)
- 5.4 All items that are listed are nonexpendable

Additional Comments: *if necessary*

6. Indirect Cost(s)

- 6.1 Indirect cost rates are based on rate in an established final or provisional NICRA
- 6.2 Indirect cost rates are based on audited financial statements
- 6.3 Indirect costs are estimated correctly to the base specified in the subcontractor’s NICRA
- 6.3 Proposed indirect cost ceiling rate(s) are reasonable

Additional Comments: *if necessary*

7. Fee

- 7.1 Fee amount or percentage is reasonable and justified
- 7.2 Fee calculation is clearly shown in budget
- 7.3 Fee payment schedule is clearly shown

Additional Comments: *if necessary*

8. General

- 8.1 The budget is based on the subawardee providing the expected services/products as detailed in the proposal and/or SOW
- 8.2 Inflation factor is clearly shown and reasonable
- 8.3 There are no sub-tier subcontractors or subgrantees budgeted or contemplated to be used
- 8.4 No unallowable costs are included in the budget (except those for which waivers are likely to be obtained)

Additional Comments: *if necessary*

OVERALL RISK ASSESSMENT OF SUB

Based on your knowledge and the information above about the selected organization, which risk level applies?

- Low Risk:** Sizeable U.S. or international organization that implements programs for donors. The organization may have a clean audit report, a NICRA or an equivalent of, and possess strong internal controls.
- Medium Risk:** Locally or nationally recognized organization respected for technical leadership and management. Organization may not have operated outside that country. Organization may have implemented donor programs in the past and have demonstrated solid internal controls.
- High Risk:** Organization has little experience managing donor funds. Organization may be new and/or have little to no operating capital. The organization may have weak internal controls and a lack of written operating procedures and/or audited financial statements.

Explain the factors included in the negotiation memo which led to your response. If you have chosen medium or high risk, detail the mitigation measures that will be included in the subaward to manage the risk.

SUBAWARD RECOMMENDATION

Based on the pre-award assessment, the risk assessment and the technical evaluation, I recommend this organization because *Explain*

SUBAWARD DONOR APPROVAL *Check the response that applies:*

- Donor approval is required and has already been obtained. See attached.
- Donor approval is required and has not been obtained. *Describe why*
- Donor approval is not required *Explain why*
- Other forms of approval are required in-country. *Explain here*

CERTIFICATIONS

The signatures below certify that (1) the above statements and recommendation are current, accurate, and complete and (2) was prepared in accordance with Fintrac’s policy and procedures.

<p>Prepared by: _____ <i>(Signature required by the person who completed the form.)</i></p> <p>Name: <i>Enter name</i> Title: <i>Enter title</i> Date: <i>Select date</i></p>	<p>Approved by: _____ <i>(Signature required by the person responsible for the prime award budget. Can be the same person)</i></p> <p>Name: <i>Enter name</i> Title: <i>Enter title</i> Date: <i>Select date</i></p>
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Annex I I B: Negotiation Memorandum Template- Local Entity

Subcontractor/Grantee (“Sub”):	<i>Enter Organization’s legal name</i>		
Project Name:	<i>Enter prime project name</i>		
Nationality of Organization:	<i>Enter nationality</i>	DUNS number:	<i>Required for all federal funded awards- except GUCs</i>
Subaward Start Date:	<i>Select start date</i>	Subaward End Date:	<i>Select end date</i>
Subaward Amount:	<i>Total Fintrac funds transferred to Sub</i>	Sub Contribution:	<i>If applicable</i>
Total Subaward Budget	<i>(subaward amount + contribution)</i>		
Name(s) of Fintrac negotiator(s)	<i>Enter Fintrac staff names here.</i>		
Name(s) of Sub negotiator(s)	<i>Enter Sub staff names here.</i>		

SUBAWARD TYPE <i>Select the subaward type that applies to this subaward:</i>	
Assistance	Acquisition
<input type="checkbox"/> Grant (including GUC) <input type="checkbox"/> Tech Fund <input type="checkbox"/> In-kind Grant <input type="checkbox"/> Partner Fund	<input type="checkbox"/> Subcontract <input type="checkbox"/> Partner Fund <input type="checkbox"/> Tech Fund <input type="checkbox"/> Other <i>Explain here</i>
On what basis did you select this subaward type? <i>Explain here</i>	

Payment Type	Sub Contribution Type
<input type="checkbox"/> Cost Reimbursable <input type="checkbox"/> Fixed Obligation/Fixed Price <input type="checkbox"/> In-kind <input type="checkbox"/> Other <i>Explain here</i>	<input type="checkbox"/> Cost Share <input type="checkbox"/> Leverage <input type="checkbox"/> Other <i>Explain here</i>

PURPOSE AND OBJECTIVES
<i>This should state the purpose and objectives of this subaward (not the project in general).</i>

SELECTION PROCESS <i>How was the sub selected? Check an answer that applies:</i>	
<input type="checkbox"/>	Fintrac selected sub competitively and openly through a Request For Proposals (RFP) or Request For Application (RFA) process. Selection memo attached here.
<input type="checkbox"/>	Fintrac selected sub competitively through an Expression of Interest. Documentation should be in the file.
<input type="checkbox"/>	Fintrac selected sub noncompetitively. <i>Please explain basis for selection</i>
<input type="checkbox"/>	Other: <i>Explain</i>

DETERMINE WHETHER LIKELY AWARDEE IS RESPONSIBLE	
5. Management Capacity	Describe management oversight. For example, does the Sub have the management capacity to support the success of this project? <i>Please explain</i>
6. Financial Capacity	Describe Sub's ability and capacity to manage donor funds. This assessment will help determine the most effective payment method for this subaward. <i>Describe here</i> <ol style="list-style-type: none"> What are their financial strengths? <i>Enter here</i> What financial weaknesses were noted? <i>Enter here</i>
7. Past Performance	State Sub's past performance feedback received from previous assignments with Fintrac or other clients for similar type of work. <i>Past performance feedback from Fintrac staffers or former clients ensures Fintrac of the Sub's track record.</i>
8. Conflict of Interest	Describe any possible conflicts of interest with Fintrac or Fintrac staff. <i>Examples can include but not limited to former Fintrac staff, relatives of staff, or previous connections that might be perceived as keeping Fintrac from conducting arms-length negotiations with this Sub.</i>

TECHNICAL NEGOTIATION
Describe technical negotiations that occurred between Fintrac and the Sub. For example, who wrote the scope of work? Who reviewed it for technical feasibility and fit with the overall program? Were any changes made to the original submission? What were the changes and why were they made? <i>Explain here</i>

GENERAL COST AND PRICE NEGOTIATION			
Independent Price Objective:	<i>Price objective, if done prior to selection</i>	Sub Original Proposed Price:	<i>Originally submitted budget amount</i>
Some form of cost and price analysis must be done. The subaward amount must be analyzed and determined as reasonable, allocable and allowable. If fixed price, include detailed budget as an attachment to the negotiation memo. <i>What type of cost or price analysis was done? Explain here</i>			
6. What were the principal elements of the price negotiations? Discuss any changes to the budget which occurred during the negotiation of this award. Who was involved? What were the dates? Were negotiations done by email or in person? <i>Explain here</i>			
7. What were the most significant considerations in negotiating the prices? <i>Please explain:</i>			
8. Was certified cost or pricing data submitted? If so, did Fintrac use it to determine the final budget? <i>Please explain:</i>			
9. Was there an independent price objective? What are the reasons for any significant differences between the objective and the final cost? <i>Please explain:</i>			
10. Does the budget include a sub contribution? If so, who evaluated the costs included? How did they determine the costs were reasonable, allowable, and allocable? <i>Please explain:</i>			

SPECIFIC COST NEGOTIATION ELEMENTS

1. Salaries and Wages

<input type="checkbox"/>	1.1 Basis for proposed labor rates are identified
<input type="checkbox"/>	1.2 LOE is reasonable to complete the expected SOW and meet expected results
<input type="checkbox"/>	1.3 Costs for identified personnel are in accordance with actual labor rates/salaries
<input type="checkbox"/>	1.4 Costs for TBD personnel are reasonable estimates based on historical use or other reasonable estimation methods
<input type="checkbox"/>	1.5 The salary inflation/escalation rate used is reasonable
Additional Comments: <i>if necessary</i>	

2. Travel & Transportation

<input type="checkbox"/>	2.1 Proposed costs are reasonable in terms of both units and costs proposed
<input type="checkbox"/>	2.2 All proposed travel is necessary for proper conduct of the proposed SOW in the subaward
<input type="checkbox"/>	2.3 Ground transportation charges for all trips are reasonable and justified
Additional Comments: <i>if necessary</i>	

3. Allowances

<input type="checkbox"/>	3.1 The proposed items are reasonable in both units and unit costs proposed.
<input type="checkbox"/>	3.2 LTTA allowances (post differential, COLA, education, educational travel, housing, etc.) are allowable, correctly estimated based on USG regulations, and are not escalated by an inflationary factor
<input type="checkbox"/>	3.3 Per diem (lodging and M&IE) estimates are reasonable based on the work to be performed and the place of performance
<input type="checkbox"/>	3.4 Per diem (lodging and M&IE) estimates follow USG-approved per diem rates for the locations specified
Additional Comments: <i>if necessary</i>	

4. Other Direct Costs

<input type="checkbox"/>	4.1 All items are expendable (no equipment is included under this category)
<input type="checkbox"/>	4.2 All units are clearly understood and reasonable
<input type="checkbox"/>	4.3 Necessary insurances have been budgeted (e.g. vehicle insurance, etc.)
<input type="checkbox"/>	4.4 Communications charges are reasonable
<input type="checkbox"/>	4.5 All charges for operation or maintenance of vehicles are reasonable
Additional Comments: <i>if necessary</i>	

5. Equipment/Freight

<input type="checkbox"/>	5.1 Value of computer and other office equipment is reasonable in terms of both units and unit costs
<input type="checkbox"/>	5.2 Vehicles included in budget are necessary to do the work required and are budgeted at rates for non-luxury vehicles
<input type="checkbox"/>	5.3 Specialty technical equipment included in the budget is adequately explained to make a positive determination for its inclusion (particularly relevant for non-horticultural items where Fintrac does not have firsthand knowledge of costs)

<input type="checkbox"/>	5.4 All items that are listed are nonexpendable
Additional Comments: <i>if necessary</i>	

6. Indirect Cost(s)

<input type="checkbox"/>	6.1 Indirect cost rates are based on rate in an established final or provisional NICRA
<input type="checkbox"/>	6.2 Indirect cost rates are based on audited financial statements
<input type="checkbox"/>	6.3 Indirect costs are estimated correctly to the base specified in the subcontractor’s NICRA
<input type="checkbox"/>	6.3 Proposed indirect cost ceiling rate(s) are reasonable
Additional Comments: <i>if necessary</i>	

7. Fee

<input type="checkbox"/>	7.1 Fee amount or percentage is reasonable and justified
<input type="checkbox"/>	7.2 Fee calculation is clearly shown in budget
<input type="checkbox"/>	7.3 Fee payment schedule is clearly shown
Additional Comments: <i>if necessary</i>	

8. General

<input type="checkbox"/>	8.1 The budget is based on the subawardee providing the expected services/products as detailed in the proposal and/or SOW
<input type="checkbox"/>	8.2 Inflation factor is clearly shown and reasonable
<input type="checkbox"/>	8.3 There are no sub-tier subcontractors or subgrantees budgeted or contemplated to be used
<input type="checkbox"/>	8.4 No unallowable costs are included in the budget (except those for which waivers are likely to be obtained)
Additional Comments: <i>if necessary</i>	

OVERALL RISK ASSESSMENT OF SUB

Based on your knowledge and the information above about the selected organization, which risk level applies?

- Low Risk:** Sizeable U.S. or international organization that implements programs for donors. The organization may have a clean audit report, a NICRA or an equivalent of, and possess strong internal controls.
- Medium Risk:** Locally or nationally recognized organization respected for technical leadership and management. Organization may not have operated outside that country. Organization may have implemented donor programs in the past and have demonstrated solid internal controls.
- High Risk:** Organization has little experience managing donor funds. Organization may be new and/or have little to no operating capital. The organization may have weak internal controls and a lack of written operating procedures and/or audited financial statements.

Explain the factors included in the negotiation memo which led to your response. If you have chosen medium or high risk, detail the mitigation measures that will be included in the subaward to manage the risk.

SUBAWARD RECOMMENDATION

Based on the pre-award assessment, the risk assessment and the technical evaluation, I recommend this organization because *Explain*

SUBAWARD DONOR APPROVAL <i>Check the response that applies:</i>	
<input type="checkbox"/>	Donor approval is required and has already been obtained. See attached.
<input type="checkbox"/>	Donor approval is required and has not been obtained. <i>Describe why</i>
<input type="checkbox"/>	Donor approval is not required <i>Explain why</i>
<input type="checkbox"/>	Other forms of approval are required in-country. <i>Explain here</i>

CERTIFICATIONS	
The signatures below certify that (1) the above statements and recommendation are current, accurate, and complete and (2) was prepared in accordance with Fintrac’s policy and procedures.	
Prepared by:	Approved by:
<hr/> <i>(Signature required by the person who completed the form.)</i>	<hr/> <i>(Signature required by the person responsible for the prime award budget. Can be the same person)</i>
Name: <i>Enter name</i>	Name: <i>Enter name</i>
Title: <i>Enter title</i>	Title: <i>Enter title</i>
Date: <i>Select date</i>	Date: <i>Select date</i>

Annex 12A: Sample Internal Review Documentation Checklist

Activity Name:	
Project:	
Submitted by:	
Uploaded Date:	

Selection Documentation		To be stored in files
<input type="checkbox"/>	RFP	
<input type="checkbox"/>	Fintrac Independent Cost Estimate	
<input type="checkbox"/>	Justification for type of award mechanism used	
<input type="checkbox"/>	Technical Evaluation methodology, scoring sheets, and other supporting documentation	
<input type="checkbox"/>	Final award determination documentation (awardee selection justification)	
<input type="checkbox"/>	Copies of original technical/cost proposals received, along with any revisions as a result of clarifications or negotiations	
<input type="checkbox"/>	Conflict of Interest certifications by all Fintrac staff members involved with the procurement	
Subaward documents		To be submitted with approval request
<input type="checkbox"/>	Draft subaward	
<input type="checkbox"/>	All required subawardee certifications (signed)	
<input type="checkbox"/>	Negotiation Memorandum	
<input type="checkbox"/>	Justification for Sole Source – if applicable	
<input type="checkbox"/>	Visual Compliance checks	
<input type="checkbox"/>	Budget and budget notes	
<input type="checkbox"/>	Any other relevant supporting documents/correspondence	

Annex 13A: Template- Request for Subcontract Consent

Request for Subcontract Consent

[Please review your prime contract. This request is to be used for fixed price subcontracts over \$150,000 or all cost reimbursable subcontracts.]

To: Name, Contracting Officer (CO), USAID
Through: Name, Contracting Officer’s Representative (COR), USAID
From: Name, Chief of Party, project name
CC: Insert Program Manager name and Kimberly Dixon, Director Contracts and Grants
Date: Insert today’s date
Subject: Request for consent to Organization Name, under contract #AID-insert here

Fintrac requests subcontract consent from the Contracting Officer (CO) in compliance with the PROJECT NAME, (ACRONYM, Contract # AID-INSERT), as included in the contract at XX[usually located in section I- 52.244-2 Subcontracts- however it could also be referred to in section I.]

Subcontract Summary	
Subcontract Number:	
Subcontractor Name:	
Type of subcontract	Either fixed price or cost reimbursable
Proposed Subcontract Price:	In local currency and US\$
Brief Description of Activity:	

In order to provide the CO with the information required in 44.202-2, we provide the following information:

- (1) Is the decision to subcontract consistent with the contractor’s approved make-or-buy program, if any (see 15.407-2)? **Not applicable**
- (2) Is the subcontract for special test equipment, equipment or real property that are available from Government sources? **Not applicable**
- (3) Is the selection of the particular supplies, equipment, or services technically justified? – **Provide or reference COR approved equipment list**
- (4) Has the contractor complied with the prime contract requirements regarding—**Not applicable to contracts with overseas performance**

(i) Small business subcontracting, including, if applicable, its plan for subcontracting with small, veteran-owned, service-disabled veteran-owned, HUBZone, small disadvantaged and women-owned small business concerns and

(ii) Purchase from nonprofit agencies designated by the Committee for Purchase From People Who Are Blind or Severely Disabled 41 U.S.C. 8504 ?

- (5) Was adequate price competition obtained or its absence properly justified? - **Provide a brief statement** [For example, the subcontractor was selected from an open completion (or targeted solicitation) and the firm was chosen on the basis of best value. If sole sourced, then describe the market analysis or other documentation received to verify the price.]
- (6) Did the contractor adequately assess and dispose of subcontractors' alternate proposals, if offered? **RARE- but review and determine if applicable**
- (7) Does the contractor have a sound basis for selecting and determining the responsibility of the particular subcontractor? **Describe briefly if this was competitively selected or sole source** [Can use the description from the new negotiation memo on selection process.]
- (8) Has the contractor performed adequate cost or price analysis or price comparisons and obtained certified cost or pricing data and data other than certified cost or pricing data? **Describe briefly the reasonableness of the cost/price negotiated**
- (9) Is the proposed subcontract type appropriate for the risks involved and consistent with current policy? **Why cost-reimbursement via Fixed Price** [Take brief description from negotiation memo.]
- (10) Has adequate consideration been obtained for any proposed subcontract that will involve the use of Government-provided equipment and real property? **Not applicable**
- (11) Has the contractor adequately and reasonably translated prime contract technical requirements into subcontract requirements? **State that Statement of Work (SOW) was fully articulated and consistent with Prime Award**
- (12) Does the prime contractor comply with applicable cost accounting standards for awarding the subcontract? **Yes**
- (13) Is the proposed subcontractor in the System for Award Management Exclusions (see Subpart 9.4)? **Not Applicable**

The summary budget has been included here:

INSERT SUMMARY BUDGET HERE.

Attached please find the list of equipment **(IF NECESSARY)**. Please let us know if you need any further information to process this request for consent.

USAID CO consent

Date

Annex I3B: Template- Request for GUC Approval

Approval for Grants Under Contract

To: Name, Contracting Officer (CO), USAID
Through: Name, Contracting Officer’s Representative (COR), USAID
From: Name, Chief of Party, project name
CC: Insert Program Manager name and Kimberly Dixon, Director Contracts and Grants
Date: Insert today’s date
Subject: Request for approval for grant to Organization Name, under contract #AID-insert here

Fintrac requests approval for a grant under contract from the CO, through the COR in compliance with the PROJECT NAME, (ACRONYM, Contract # AID-INSERT), as included in the contract at XX.

Grant Summary	
Grant Number:	
Grantee Name:	
Type of grant	Either fixed price or cost reimbursable or inkind
Proposed Grant Amount:	In local currency and US\$
Brief Description of Activity:	

Also included is the budget summary. All costs have been reviewed to ensure they are allowable, allocable, and reasonable.

Insert budget summary here

Please let us know if you need any further information to process this request for approval.

 USAID CO approval

 Date

PART IV: TECHNOLOGY FUND TEMPLATES

USAID-MERCADO Technology Fund Award **[NUMBER]** **[NAME]**

Under Fintrac's contract with the US Agency for International Development in Honduras (Contract #AID-522-C-15-00001) a portion of funds is intended to be utilized as investments with communities, clients and beneficiaries that promote increased use of new or improved technologies and practices. These investments are aimed at improving yields, sales, incomes, family nutrition in food insecure areas of Honduras.

Technology Fund Summary	
Beneficiaries/co-investors	[INDICATE ESTIMATED NUMBER OF END BENEFICIARIES AND THEIR MUNICIPALITIES AND DEPARTMENTS]
Investment Value	\$XXX,XXX
- Activity co-investment:	\$XXX,XXX
- Community/beneficiary co-investment:	\$XXX,XXX
- Total investment	\$XXX,XXX
Duration:	This award will commence on [DATE] and have an estimated end date of [DATE] .
Brief Description of Investment	[DESCRIPTION OF INVESTMENTS TO BE MADE]
Nationality Sourced for Equipment/Services	All equipment and materials will be purchased from local suppliers [TBC FOR EACH TECH FUND AWARD] .
Brief Description of Expected Results	[DESCRIPTION OF EXPECTED RESULTS TO BE ACHIEVED]
Sustainability and/or Potential to Replicate:	[DESCRIPTION OF POTENTIAL FOR REPLICATION; ALSO HOW THE INVESTMENT WILL BE SUSTAINED AND CONTINUE POST-ACTIVITY]

1. Description and Justification of Proposed Investment

[BACKGROUND AND JUSTIFICATION FOR PROPOSED INVESTMENTS]

2. Partner(s) and Justification for Selection

[ESTIMATED NUMBER OF CLIENTS, MUNICIPALITIES AND DEPARTMENTS, AND JUSTIFICATION FOR SELECTION]

3. Technology/Equipment Specifications and Quotations

[DESCRIPTION OF EQUIPMENT AND TECHNOLOGIES TO BE PROCURED]

A total of **XX** local suppliers of [EQUIPMENT/TECHNOLOGIES] were contacted to provide quotations for this Award. These are summarized in the Table 1 below.

Table 1: Quotations Received for [XXX], Figures in US\$ (not including taxes)

Item Description	Supplier 1	Supplier 2	Supplier 3
[ITEM 1]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
[ITEM 2]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
[ITEM 3]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
[ITEM 4]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
[ITEM 5]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
[ITEM 6]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
[ITEM 7]	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX

[EXPLAIN SELECTION OF SUPPLIER AND REASON / JUSTIFICATION]

4. Total Cost and Activity / Client Co-Investments

The estimated total cost of investments under this Award is **\$XXX,XXX**. USAID-MERCADO will invest **\$XXX,XXX** and the clients/beneficiaries **\$XXX,XXX**. The cost details are summarized in Table 2.

Table 2: Estimated Cost of Investments

Description	Total Cost	Activity Co-investment	Client Co-investment
1	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
2	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
3	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
4	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
5	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
6	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX
TOTAL	\$X,XXX.XX	\$X,XXX.XX	\$X,XXX.XX

Rate: \$US 1.00 = L. **XX,XXX**

Activity and partner co-investments will be recorded in USAID-MERCADO's M&E system in order to track investments and impact.

5. Payment Mechanism

USAID-MERCADO will pay local suppliers directly for all equipment, materials and services funded under this award. No cash grants will be disbursed to clients.

6. Approval

The proposed activities outlined in this award have been reviewed by USAID-MERCADO management and found to be necessary for achieving USAID-MERCADO goals.

_____	_____
USAID-MERCADO Chief of Party	Date
_____	_____
USAID-MERCADO Subawards Manager	Date
_____	_____
Fintrac Home Office Program Manager	Date
_____	_____
USAID Technical Concurrence	Date

Attachments:

1. Criteria Form
2. Environmental Screening Form
3. Client Agreement Form

USAID–MERCADO Technology Fund Award Criteria Form

No. and Title:	
Clients/beneficiaries:	
Description of investment:	
Cost:	\$XX,XXX (USAID-MERCADO); \$XX,XXX (Clients/beneficiaries)
Date:	

Criteria Categories	Total Possible Score*	Actual Score (1-5)
1. Number of SME beneficiaries that will be impacted by the investment	5	
2. Income and employment impact for beneficiaries in comparison to competing activities	5	
3. Suitability of investment for SMEs to specifically benefit	5	
4. Client/beneficiary ability to absorb and implement technical assistance	5	
5. Client/beneficiary willingness to share and/or demonstrate technologies and results	5	
6. Client/beneficiary willingness to share baseline data and be monitored for impact	5	
7. Client/beneficiary level of co-investment (immediate and future)	5	
8. Co-investment potential by third parties (e.g. other donors) to leverage investment	5	
9. Strong likelihood of replication by a significant number of other SMEs	5	
10. Strong likelihood of post-project sustainability and replication	5	
11. Beneficial or no impact on the environment from investments	5	
12. Location of investments with respect to access by activity technicians	5	
13. Impact on achieving other program goals (e.g. gender, health, nutrition, environmental impact, etc.)	5	
Total Score	60	
	B	A
Score Percentage (A/B)*	XX%	

*Note: Requires a percentage score of 75% to be eligible for USAID-MERCADO support.

Approved:

 Andrew Medicott, Chief of Party
 USAID-MERCADO

 Date

USAID-MERCADO Environmental Screening

Name of Activity:	USAID-MERCADO Activity Technology Fund # XXXXX
Type of Activity	Contract
Contractor:	Fintrac, Inc.
Date of Review:	
IIE Number:	No. LAC-IEE-10-82

Screening Category / Criteria		A	B	C	
		Yes	No	If answered yes to A, is it...?	
				High Risk	Medium Risk
Impact on Natural Resources & Communities					
1	Will the project involve construction ² of any type of structure (building, check dam, walls, etc.)?		X		
2	Will the project involve the construction ³ or repair of roads or trails?		X		
3	Will the project involve the use; involve plans to use or training in the use of any chemical compounds such as pesticides ⁴ (including neem), herbicides, paint, varnish, lead-based products etc.?	X			X
4	Involve the construction or repair of irrigation systems?	X			X
5	Will the activity involve training and/or implementation of agricultural practices/production including animal husbandry?	X			X
6	Involve the construction or repair of fish ponds?				
7	Involve the disposal of used engine oil?		X		
8	Will the project involve implementation of timber management, ⁵ extraction of forest products, clearing of forest cover, and/or conversion of forest land?		X		
9	Are there any potentially sensitive terrestrial or aquatic areas near the project site, including protected area wetlands, critical wildlife habitat or nesting areas?	X			X
10	Will the activities proposed generate airborne gases, liquids, or solids (i.e. discharge pollutants)	X			X

² Construction projects need to be reviewed for scale, planned use, building code needs and maintenance. Some small construction projects, such as building an entrance sign to a park, may require simple mitigations whereas larger buildings will require more extensive review and monitoring.

³ New construction of roads and trails will require a full environmental assessment of the planned construction, i.e. a Positive Determination.

⁴ The purchase of packaged store pesticides are included. The planned involvement of pesticides will trigger the need to develop a Supplemental Initial Environmental Examination that meets USAID pesticide procedures (Pesticide Evaluation Report and Safer Use Action Plan or PERSUAP) for the project.

⁵ Any activities that involve harvesting trees or converting forests is considered high risk and will require a full environmental assessment of the activity (i.e. Positive Determination).

Screening Category / Criteria		A	B	C	
		Yes	No	If answered yes to A, is it...?	
				High Risk	Medium Risk
11	Will the waste generated during or after the project impact on neighboring surface or ground water?				
12	Will the activity create objectionable odors?				
13	Will the activity violate air standard?				
14	Will the activity occur on steep slopes (Greater than 15%)?				
15	Will the activity contribute to erosion?				
16	Is the activity incompatible with existing land use in the vicinity?				
17	Will the activity contribute to displacement of people (housing) or businesses?				
18	Will the activity affect unique geological, physical, cultural, and/or historic features?				
19	Will the activity have potential impacts to inhabitants, natural landscapes, or flora/fauna downstream from the activity site?				
20	Will the activity contribute to change in the amount of surface water in any waterbody?				
21	Will the activity have a direct or indirect impact, or include actions with mangroves and coral reefs?				
22	Will the activity expose people or property to flooding?				
23	Will the activity contribute substantial reduction in the amount of ground water otherwise available for public water supplies?				
24	Does the project/Activity involve a sub-grant component? ⁶				
Environment & Health					
25	Will the project activities create conditions encouraging an increase of waterborne diseases or populations of disease carrying vectors?				
26	For road rehabilitation as well as water and sanitation grants, has a maintenance plan been submitted?				
27	Will the activity generate hazards or barriers for pedestrians, motorists or persons with disabilities?				
28	Will the activity increase existing noise levels?				
29	Will the project involve the disposal of syringes, gauzes, gloves and other biohazard medical waste?				
Local Planning Permits					
30	Does the activity e.g. infrastructure improvements, require local planning permission(s)?			N/A	N/A
31	Does the activity meet the national building code (e.g. infrastructure improvements)?			N/A	N/A

⁶ If the Project/Activity includes a sub-grant component, each sub-grantee shall be required to prepare an EMPR prior to implementation of the sub-grant.

Screening Category / Criteria		A	B	C	
		Yes	No	If answered yes to A, is it...?	
				High Risk	Medium Risk
GENDER⁷					
32	Do men and women benefit disproportionately or are involved unequally in the project's activities?				
33	Does the project activity inhibit the equal involvement of men and women?				
34	Are there factors that prevent women's participation in the project?				

RECOMMENDED ACTION (Check Appropriate Action)

(a)	The project has no potential for substantial adverse environmental effects. No further environmental review is required (Categorical Exclusion). No EMPR required.	
(b)	The project has potential for minimal to medium adverse environmental effects, but mitigable environmental effects. Measures to mitigate environmental effects will be incorporated (Negative Determination with Conditions). EMPR Required.	
(c)	The project has potentially substantial or significant adverse environmental effects, but requires more analysis to form a conclusion. An Environmental Assessment will be prepared (Positive Determination). No EMPR required.	
(d)	The project has potentially substantial adverse environmental effects, and revisions to the project design or location or the development of new alternatives is required (Deferral).	
(e)	The project has substantial and unmitigable adverse environmental effects. Mitigation is insufficient to eliminate these effects and alternatives are not feasible. The project is not recommended for funding.	

⁷ A positive response to gender questions require follow up only when there are other positive responses on questions 1 – 30, and an EMP is developed.

USAID-MERCADO CERTIFICACION DE ENTREGA Y USO DE MATERIALES Y EQUIPO

Yo, **[NOMBRE/ORGANIZACIÓN]**, reconozco que el equipo, bien o servicio dado por USAID-MERCADO será usado únicamente para actividades bajo los planes de trabajo acordados entre el cliente y USAID-MERCADO a través del Técnico responsable. Entiendo que USAID-MERCADO puede cancelar en cualquier momento su contribución propuesta total o parcialmente y retirar el equipo sin previa explicación. Estoy de acuerdo que el equipo, bien o servicio a ser recibido será según lo detallado y que aportaré las inversiones necesarias para su cuidado y mantenimiento, así como para alcanzar los resultados esperados en la planificación de trabajo. Estoy de acuerdo que deberé usarlo exclusivamente para las **[DESCRIPCION DEL PROYECTO]** y deberé proporcionar toda documentación financiera necesaria al personal de USAID-MERCADO relacionados con el proyecto. También estoy de acuerdo en permitir al personal de USAID-MERCADO demostrar el uso del equipo, bien o servicio a otros clientes de USAID-MERCADO.

Descripción	Cantidad

NOMBRE/ORGANIZACIÓN

Identidad

TESTIGO [NOMBRE/CARGO]

Identidad

REPRESENTANTE DE USAID-MERCADO

Lugar y Fecha

PART V: FINTRAC GUIDELINES ON MEMORANDA OF UNDERSTANDING

What is an MOU?

A Memorandum of Understanding (MOU) is similar to a contract in that it is a formal agreement between two or more parties. It establishes the guidelines for each party as they contribute their efforts and resources toward a program or common objective. Unlike a contract, however, it is NOT legally binding and does not involve the exchange of money or anything of value (for example, equipment). Simply naming a document an “MOU” does not make it one. Rather, to be considered an MOU it must reflect the intent of parties as defined here.

When do you use an MOU?

An MOU can be a useful resource in working with an organization prior to signing a contract, or when working with government agencies, especially local government. In most of the countries Fintrac works in, USAID has a bilateral agreement with the federal government of that country. An MOU could be an agreement under the bilateral one with a lower-level government agency. It could also be with a specific partner organization for our work. They can provide a mutually beneficial framework that can be used to strengthen an informal partnership. They can also be helpful, in some cultures, because it is often necessary to have a signing ceremony before working in a district or on a project.

What are some helpful hints on using an MOU?

- An MOU is NOT a legally binding document. It should never be used in place of a contract.
- It can be a useful instrument for project implementation, but does not take the place of formal subaward agreements, subcontracts or equipment transfers.
- Subaward agreements and subcontracts are necessary when there is an exchange of something of value (money or equipment) to protect the interests of both parties and ensure trust and mutual understanding. MOUs are not to be used as a substitute for formal agreements and subcontracts.
- All MOUs should include this sentence: “This document does not set up any partnership or legal agreement and it is non-binding on both parties.”
- Possible sections include: background of project, what organization X will do, what organization Y will do, non-binding language, period of performance, and signatures.

Who needs to approve an MOU?

The contracts and grants team is always prepared to help answer questions or concerns that you may have regarding MOUs (or other instruments). While it not necessary to have MOUs approved by Contracts and Grants, they must be submitted to the PMU for review prior to signing.