



USAID/COLOMBIA REGIONAL GOVERNANCE ACTIVITY GRANTS MANUAL

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ACRONYMS

ADS	Automated Directives System (USAID)
APS	Annual Program Statement
BMP	Branding and Marking Plan
CFR	Code of Federal Regulations
CO	Contracting Officer
COP	Chief of Party
COR	Contracting Officer's Representative
CSO	Civil Society Organization
DCOP	Deputy Chief of Party
FAA	Fixed Amount Award (formerly known as a Fixed Obligation Grant)
GEC	Grants Evaluation Committee
GOC	Government of Colombia
GUC	Grants Under Contract
M&E	Monitoring and Evaluation
MSI	Management Systems International
NGO	Non-Governmental Organization
OMB	Office of Management and Budget
PM	Project Manager
RFA	Request for Application
RGA	Regional Governance Activity
SOW	Scope of Work
USAID	United States Agency for International Development

I. INTRODUCTION

This Grants Management Manual is Management Systems International's (MSI's) framework for implementing a Grants Program under the Regional Governance Activity (RGA), Contract No. AID-OAA-I-13-00042-00, Order No. AID-514-TO-15-00015, issued to MSI by USAID/Colombia.

The period of performance for the RGA is June 22, 2015 through December 21, 2019.

The Manual is based on USAID ADS 303, ADS 302, 2 CFR 200, 2 CFR 700 and other U.S. Government regulations and guidance. It is intended to provide guidance for the administration of grants to non-governmental organizations in Colombia. MSI project staff should follow the procedures and policies provided herein. Deviations from these procedures require approval from the MSI Director of Contracts and/or USAID.

A. PROGRAM DESCRIPTION

The Regional Governance Activity (RGA) aims to improve sub-national governance in 40 conflict-affected municipalities in Colombia.

Local government institutions in conflict areas struggle to deliver key municipal services, thus limiting the legitimacy of the state at the local level and contributing to conditions that foster or perpetuate conflict. RGA through its five components will work with national and sub-national government and civil society organizations (CSOs) to support the Government of Colombia's (GOC's) efforts to strengthen the ability of local governments to deliver key municipal services. As the lack of state legitimacy at the local level is a driver of conflict, RGA will thus contribute to minimizing conflict at the local level and enhance the future possibilities for peace.

RGA's five components:

1. Improved Decentralization to Enhance Operational Capacity of Departmental and Local Governments;
2. Improved Financial Management and Performance of Targeted Municipalities;
3. Improved Normative, Institutional and Procedural Frameworks for Development and Maintenance of Secondary and Tertiary Road Infrastructure;
4. Increased Citizen Participation for Enhanced Transparency and Accountability;
5. Improved Electoral Process to Limit State Capture at Sub-National Level.

B. OBJECTIVES OF THE GRANTS PROGRAM

On behalf of USAID, MSI is expected to administer a grants program of up to USD 7.0 million to Colombian non-governmental, civil society organizations (CSOs), in order to:

- Engage civil society around decentralization, specifically supporting advocacy for decentralization reform, identifying promising opportunities, and providing assistance in implementing these reforms;
- Enhance the capacity of women's CSOs to advocate for inclusion of gender considerations in municipal and regional development;
- Increase civil society participation in anti-corruption-oriented oversight and advocacy at the municipal level; and

- Promote science and technology concepts or innovative solutions that tackle pressing development challenges.

The Grants Program will cover work in all 40 RGA municipalities as well as with CSOs working in *mancomunidades* supported by RGA and at the departmental level in the 9 RGA departments and at the national level in support of Components 1 to 5 and in any additional work that is approved through annual work plans.

The RGA Grants Program shall have the following salient features:

- Grants will be issued in compliance with ADS 302.3.5.6 to meet the objectives of the RGA Work Plan.
- MSI shall be wholly responsible for the management of the grants.
- Per Subsection H.15 of the PEACE IQC, USAID shall approve or provide technical concurrence with the selection of grant recipients. Unless otherwise directed by the cognizant Contracting Officer, the COR shall have authority to provide technical concurrence with the selection of grant recipients.
- MSI shall award grants to non-governmental civil society organization.
- Per the terms of the PEACE IQC, the total value of any individual grant will not exceed USD 100,000.00 unless otherwise authorized by the Contracting Officer.
- MSI shall ensure that the requirements that apply to USAID-executed grants will also apply to grants issued under this Grants Under Contract program.
- The duration of any grant shall not exceed the completion date of the Contract.
- USAID and MSI retain the right to terminate grant activity (activities) unilaterally in extraordinary circumstances.
- MSI will not award grants that provide for payment of profit.
- MSI will not execute or administer cooperative agreements on USAID's behalf.
- MSI shall close out all grants prior to the estimated completion date of this contract and shall comply with ADS 303 regarding grant close-out.
- Under exceptional circumstances, grants may be awarded to U.S. recipients. These shall be made in accordance with ADS 302.3.4.13 (c)(1).
- Grants for construction are not anticipated.

C. TYPES OF GRANTS TO BE ISSUED

The purpose of a grant is the transfer of money, property, services or anything of value to a grantee in order to accomplish a public purpose of support or stimulation authorized by Federal statute and where substantial involvement by USAID is anticipated. It is expected that the vast majority of grants to be awarded by the RGA will be Fixed Amount Awards (FAAs), which may be complemented by In-Kind Grants. However, the Simplified Grant format may also be used when appropriate, considering the type of grant activity, estimated value of the grant, duration and other conditions, as prescribed in ADS 303.3.24.

Fixed Amount Award	In-Kind Grant	Simplified Grant
Basic Characteristics		
<ul style="list-style-type: none"> • Fixed amount payments made upon grantee’s satisfactory achievement of milestones • Milestones and costs involved must be identified specifically • Minimum of 10% of the award amount must be reserved for the final milestone payment 	<ul style="list-style-type: none"> • MSI makes purchases directly with vendors (contracting and payment) for supplies and/or services which are provided to the grantee • Recorded via Memorandum of Understanding or simple receipt by the grantee 	<ul style="list-style-type: none"> • Payments are made based on actual costs incurred, identified in the approved budget, and reported by the grantee • More flexibility in defining the Statement of Work • Cannot exceed the Simplified Acquisition Threshold
Pros		
<ul style="list-style-type: none"> • Easy administration in terms of fixed price payments being made based on achievement of milestones • Grantee is not required to submit receipts and detail cost for payments • Ensures milestones are achieved 		<ul style="list-style-type: none"> • More accurate monitoring of actual costs incurred. Must be used when costs cannot be easily defined up front • Provides more flexibility for changing program needs
Cons		
<ul style="list-style-type: none"> • Potential for grantee over or under-running costs • Local conditions can increase risk that changes to the program need to be made • Adequate cost information might not be available 		<ul style="list-style-type: none"> • Much more detailed and extensive administrative and financial reporting requirements, which requires greater management capacity from the grantee

Fixed Amount Awards

A Fixed Amount Award (FAA) is a type of assistance award where USAID provides a specific level of support and where payment is not based upon the actual costs incurred by the recipient. When used appropriately, a fixed amount award provides several advantages for both USAID and the recipient. It focuses on outputs and results, limits risk for both parties, and requires only limited financial and management capacity.

Fixed Amount Awards are appropriate when the work that will be performed can be priced with a reasonable degree of certainty. Samples of appropriate mechanisms to establish an appropriate price include the entity’s past experience with similar types of work for which outcomes and their costs can be reliably predicted, or the entity can easily obtain price estimates (e.g., bids, quotes, catalog pricing) for significant cost elements.

MSI’s Grants Team must be satisfied that this type of grant will adequately meet the objectives of the RGA. For this purpose, MSI will ensure that each FAA meets the following conditions:

- a. The grant shall not exceed 3 years and must be completed within the RGA period of performance.

- b. Any goods to be purchased meet the rules governing local cost financing and are not considered ineligible or restricted goods (see ADS 312); must have its origin in the authorized geographic code that for this contract is 937 (see ADS 260), and no single item having a useful life over one year and an acquisition cost of USD 5,000 or more shall be purchased;
- c. The recipient has signed pre-award certifications as required in ADS 303.3.8;
- d. The grant agreement includes the requirement for the grantee to allow USAID access to audit grantee's technical, financial, accounting, contractual records, etc. for a period of three years following the end of the award, and that grantee will return to USAID all funds received for any costs that have not complied with the terms and conditions of the grant;
- e. All relevant costs are identified in the application;
- f. The grantee shall receive payment on the basis of milestones as outlined in the grant agreement. Payments under FAAs are made on the basis of having achieved certain "milestones," which are carefully defined and the cost for each milestone written into the grant agreement. When the FAA format is used, payment cannot be made on an advance basis, therefore, staff should consider defining a simple initial task or deliverable that can be achieved quickly—often it can be a work plan—that will serve as a first milestone and trigger payment;
- g. If international travel or purchase of equipment for compliance with the grant is needed, the grantee must request MSI's approval in writing at least 3 weeks prior to proposed date of travel or purchase date;
- h. An important aspect to these grants is the structure of the payments. Grantees will be paid a set amount upon accomplishment of milestones. To this end, the relevant Component Coordinator and COP must formally accept the milestones delivered by the grantee in order to initiate the payment process. It is essential that MSI is satisfied with the deliverables. The negotiation process is key to ensuring a successful FAA taking the following into consideration:
 - (i) A separate bank account must be opened by the grantee if deemed necessary;
 - (ii) A minimum of 10% of the value of the products should be left for the final milestone payment.
- i. In addition to ensuring that the grant will meet the elements described above, MSI must also determine the appropriateness of issuing a FAA based on the following factors:
 - (i) The ability to easily identify and quantify programmatic accomplishments or results in establishing grant milestones;
 - (ii) Limited risk that there will be changes to the program;
 - (iii) Adequate cost (historical or unit pricing) available to determine and negotiate the fixed price of the grant;
 - (iv) The grantee is required to provide certifications, assurances and statements in accordance with ADS 303.3.8;
 - (v) The grantee is deemed responsible as determined by the Fixed Amount Award Entity Eligibility Checklist; and
 - (vi) The applicable audit requirement.

The grant format shall include the following additional statements:

- a. The right of MSI and USAID to terminate in whole or in part, or suspend payments, should the grantee become insolvent during performance of the award; and
- b. Grantees must certify in writing to MSI at the end of the grant that the activity was completed. If the grantee cannot certify, it shall be expected to make appropriate reimbursements.

In-Kind Grants

'In Kind' contributions involve the direct purchase and delivery of commodities to the Grantee without the exchange of any cash. MSI procurement policies are used for the purchase of the commodities. Whereas Grantees may be evaluated and selected through the Grant Evaluation Committee, these contributions are not grants per USAID regulations. They are commodities/services support provided directly to the selected grantee. They usually will not involve a signed grant agreement, milestones requirements or a pre-award financial audit.

MSI expects to purchase commodities (e.g., computers) directly for grantees in order to maximize efficiency of funds. Title to commodities will be vested with USAID. The costs for these commodities will be covered under the grants line item in MSI's budget. The MSI Grants Manager will maintain an inventory log of all commodities purchased for grantees.

The grantee will be required to sign a receipt for any commodities or services provided directly by the Regional Governance Activity. This receipt will also indicate that Grantee must use the property for only its intended purpose, must be accountable for the property by ensuring it is properly maintained, and cannot resell the property. The Grantee shall also maintain an inventory log of all property, which will be available to the RGA on request.

Simplified Grants

Simplified Grants will be considered for activities to be funded on a cost reimbursement basis if approved by the MSI Director of Contracts and when the following conditions stated in ADS 303.3.24 are all met:

- a) The assistance instrument is a grant, not a cooperative agreement.
- b) The recipient will not purchase any goods or services, except as authorized pursuant to 22 CFR 228 or ADS 310, "Source and Nationality Requirements for Procurement of Commodities and Services Financed by USAID," or any applicable waivers, and the recipient will not purchase any single item that has a useful life over one year and a cost of \$5,000 or more.
- c) The recipient has signed pre-award certifications as required in ADS 303.3.8.
- d) The grant requires the recipient to allow USAID access to its records for up to three years after the end date of the grant, and the recipient will refund USAID for any funds it receives for any costs that did not meet the terms and conditions of the grant.
- e) The Simplified Grant Format is only authorized when all costs under the award are direct costs. This format is not authorized for awards that include indirect costs.
- f) The Simplified Grant Format may be modified to allow for international travel and the purchase of equipment as long as the agreement includes the applicable Standard Provisions for related costs.
- g) The grant must be included in any audit required by 2 CFR 200 or ADS 591.3.2.

MSI will also ensure that Simplified Grant recipients acknowledge that MSI or USAID may terminate the grant upon 30 days written notice and that USAID will not assume liability for any third party claims for damages arising out of the grant.

All Simplified Grants issued under the RGA will follow USAID's format to ensure that recipients:

- 1) Document that reasonable steps were taken to ensure that all purchases charged to the grant are at reasonable prices and from responsible sources;
- 2) Maintain complete records of all costs to the grant for a period of three years after the expiration of the grant and make such records available to USAID, MSI or their representatives for review at any time; and
- 3) At USAID or MSI request, refund to USAID any funds received from USAID via the RGA Grants Program that represent reimbursement for any cost determined by USAID not to meet the terms and conditions of the grant.

D. ROLES AND RESPONSIBILITIES

In the implementation of Grants Under Contract, MSI will ensure that the grantee is helping to meet the RGA's objectives effectively. Furthermore, MSI is responsible for ensuring that the grantee is in compliance with USAID rules and regulations. In order to ensure compliance with regulations and resource efficiency, MSI relies on its procedures set forth in this manual.

USAID Responsibility

USAID is the funding agency for all grants and as such reserves all rights and final authority. USAID shall have substantial involvement and shall provide COR technical concurrence to all grants below \$150,000 and CO approval to all grants above \$150,000.

Contracting Officer's Representative (COR). The COR, as outlined in ADS 302.2 is the individual responsible for ensuring compliance with the terms and conditions of the PEACE IQC and this activity's Order.

MSI Responsibilities

Chief of Party (field based). The COP reports to the USAID COR to manage and oversee grantee-designated activities. He/she supervises the grantee's field presence to include operations, administration, logistics, procurement, budgeting and financial accounting (expenditures and reporting). He/she also ensures procedures are established and complied with for grant worthiness, funds liquidity, procurement, and administrative actions. The COP may sit on the Grants Evaluation Committee (GEC), thereby participating in the grant negotiation and review process, ensuring the adherence to procedures.

Component Coordinators (field based). Component Coordinators advise and assist with the design and planning of the grant, advise on the appropriateness of activities and milestones identified to achieve the expected results, verify the development, implementation, monitoring and evaluation of the program, approve deliverables, follow up on mobilization payments and other payments per the sub-award's payment schedule, and provide recommendations for modification of the grant if necessary.

Grants Manager (field based). The Grants Manager is responsible for verifying the competition process, assists in convening of the GEC, participates in negotiations with potential grantees and collects the necessary documents for the preparation of the grant contract. She/he also maintains the grant registry and file records,

including copies of financial records and certificates of acceptance of milestones or products. She/he is also responsible for maintaining a log of inventory of all property acquired directly under the grant agreements. In conjunction with the Director of Administration and Finance, he/she will conduct training for potential grantees in completing grant applications and their respective budgets. She/he will conduct site visits and inspections as required and approved by the COP and DCOP. Finally, he/she is responsible for ensuring that requests for grant applications comply with all procedures in this manual, including the closure of individual grants and dispute resolution when necessary.

Director of Administration and Finance (field based). The Director of Administration and Finance is responsible for maintaining original sub-award financial records, in addition to following up on mobilization payments and other payments as per the payment schedule of the sub-awards. In conjunction with the Grants Manager, he/she will conduct training for potential grantees in completing grant applications and their respective budgets.

Senior Project Manager (MSI Headquarters). The MSI Senior Project Manager will be responsible for the grants management interface between the field office and MSI Headquarters. He/she is responsible for overseeing the process of competition, evaluation, award and administration of grants. In the case of non-competition, he/she is responsible for the preparation of appropriate justifications for exemption from competition.

Director of Contracts (MSI Headquarters). The MSI Director of Contracts is the MSI authorized representative to countersign all grants, modifications and final decision appeals on grants under this contract. Delegations of signing authority are issued through memo by the MSI Chief Operating Officer or Contracts Director.

II. GRANTS MANAGEMENT PROCESS: PRE-AWARD

In the design and planning phase of the grant, MSI will ensure (prior to adjudication) that the scope of work of the proposed grant supports a USAID Assistance Objective and the general objectives of RGA. MSI will also ensure that the activity has been budgeted for and is provided for in the Work Plan.

In the second phase corresponding to the open call, evaluation of proposals, and pre-award review, a Grant Evaluation Committee (GEC) will be assembled to determine the capacity and risks of each applicant.

All non-governmental civil society entities applying for grants from the RGA will be subject to the pre-award processes described in the following sections.

A. ELIGIBILITY AND CRITERIA FOR AWARD

Criteria for Award

The following will be considered in the adoption of final selection criteria for grants:

Geographic areas: Grants will be issued in the 9 departments and 40 municipalities included in RGA as well as at the regional and national levels in support of RGA activities. Grants may be issued to support activities of RGA local partners. Grants may be issued for other locations as determined by the approved RGA annual Work Plan.

Thematic Focus: Grants will support activities to strengthen the decentralization process through Component 1 at both the sub-national and national levels. Grants will be issued to support greater citizen participation and to promote greater citizen accountability for government actions under Component 4. Grants may also be issued to support additional activities approved through the RGA annual work plans. Grants may be provided to support local partners, such as CSOs, CBOs, NGOs, and church-based organizations that undertake work which fulfills RGA objectives at the municipal, departmental, regional and national levels.

Eligibility

To be eligible to receive grant funds, the applicant must:

1. Not use funds for religious or political purposes;
2. Not be a governmental organization (unless specifically authorized by the USAID CO);
3. Not be a “public international organization,” and must not be affiliated with MSI or any of its directors, officers or employees;
4. Be registered with the applicable local authorities;
5. Demonstrate its ability to manage funds; and
6. Submit a completed application including all forms and certifications and a project description that supports USAID/Colombia Regional Governance Activity’s goals and objectives.

Entity Eligibility Checklist for Fixed Amount Awards

For Fixed Amount Awards, MSI shall use the ADS 303mak, “Fixed Amount Award Entity Eligibility Checklist” to ensure the intended recipient will be able to comply with the Standard Provisions for Fixed

Amount Awards to Nongovernmental Organizations (ADS 303mat). MSI will also ensure that all recipients have signed all required pre-award certifications prior to award.

Selection Criteria

Grant applications that meet minimum eligibility criteria will be reviewed and awarded based on selection criteria, which could include but not be limited to:

- (a) Likelihood of proposed activity to further project objectives;
- (b) Appropriateness and feasibility of project activities within the proposed timeframe and budget
- (c) Demonstrated capacity of organization, including sound financial practice, in areas pertaining to the proposed activity;
- (d) Professionalism and experience of project staff;
- (e) Responsiveness to need;
- (f) Place of performance of the grant; and
- (g) Potential for impact.

The competency, suitability, and capability of eligible applications will be evaluated based on the established criteria. The evaluation may entail interviewing, site visits, background research, and/or solicitation of additional information. The Grants Manager will prepare a written record of the results of the evaluation. The written record will account for how the application was evaluated in terms of the selection criteria and will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.

B. COMPETITION AND PUBLIC NOTICE

MSI will ensure that grants are being competed fairly, and that a reasonable method of competition is being administered. When competition is not possible, MSI follows ADS 303.3.6.5.

All grants will require an application and will undergo a review and approval process. All grant applications, whether funded or rejected, shall be retained on file. All information received from applicants shall be considered proprietary and held in strict confidence by those individuals who review it to protect the integrity and privacy rights of the grant applicant.

Request for Applications

MSI will prepare all documents for a formal Request for Applications (RFA) taking into account the objectives of the program, and will disseminate through appropriate media and networks in the targeted departments and municipalities in Colombia, as determined to meet the best needs for reaching CSOs. In addition, invitations will be extended directly to civil society organizations and potential stakeholders to participate by submitting their proposals. MSI may also accept unsolicited grant applications throughout the year.

At a minimum, the RFA will contain:

- A general description of the proposed program with an indication of the range of activities that might be involved, and the established goals of the activity, if any, which the applicant is expected to meet. The level of detail in the program description will depend on the requirements of the strategic objective.
- Type of award expected and how the award will be administered.

- An estimate of funds available and number of awards anticipated, including a statement to the effect that MSI reserves the right to fund any or none of the applications submitted.
- Expected duration support or the period of performance.
- Minimum eligibility requirements.
- Qualification requirements, i.e., clear identification of types of entities that may apply.
- Point of contact, including name, title, address, e-mail address, and phone and fax numbers, where a potential applicant can get any materials they may need to apply or state that the RFA contains everything a potential applicant needs to apply.
- Required certifications.
- Required format for the application.
- Deadline for submission of applications, how it will be determined that the application is received in time, and the consequences of late submission.
- Any funding restrictions (such as limitations on direct costs or no indirect costs, etc.) and whether or not the award will or will not allow the reimbursement of pre-award costs.
- The selection criteria used to evaluate applications, including an indication of their relative importance.
- An explanation of how program income (if any) will be treated.
- Description of the review and selection process.
- What a successful applicant can expect to receive following selection.
- Requirements and expectations regarding reporting.
- Information regarding points of contact for questions.
- Any other relevant information, such as the instructions for compliance with the USAID-approved Branding and Marking Plan.

The RFA will be drafted by the Grants Manager in coordination with the Component Coordinators and the COP. A draft version of the RFA will be sent to the Senior PM for review and to facilitate approval from the MSI Director of Contracts and the concurrence of the COR.

- RFA for awards anticipated to remain under USD 50,000 will require technical concurrence from the COR within five days of the request. If technical concurrence is not provided within that period of time, MSI may proceed to disseminate the RFA.
- RFA for estimated awards of USD 50,000 - 150,000 will require technical concurrence from the COR.
- In cases of awards above USD 150,000, Senior PM, in consultation with the MSI Director of Contracts, will also request approval from the CO before disseminating the RFA, through the COR.

Annual Program Statement

The RGA Grants Program may issue an Annual Program Statement (APS) to notify potential applicants about funding opportunities to support creative approaches in support of the RGA's objectives. When used, the APS will be published at least once a year, either with an open-ended response time or a closing date of at least six months after issuance. In drafting each APS, the RGA Grants Program will use the same basic format as an RFA and follow the guidance provided in ADS 303.3.5.2.

The APS will be drafted by the Grants Manager in coordination with the Component Coordinators and the COP. Draft version of the APS will be sent to the Senior PM for review and to facilitate approval from the MSI Director of Contracts and the concurrence of the COR.

- APS for awards anticipated to remain under USD 50,000 will require technical concurrence from the COR within five days of the request. If technical concurrence is not provided within that period of time, MSI may proceed to disseminate the APS.
- APS for awards estimated between USD 50,000 – 150,000 will require technical concurrence from the COR.
- In cases of awards above USD 150,000, Senior PM in consultation with the MSI Director of Contracts will also request approval from the CO before disseminating the APS, through the COR.

Requirements for Competition (see ADS 303.3.6)

In accordance with the Federal Grant and Cooperative Agreement Act, MSI shall encourage competition in the award of grants in order to identify and fund the best possible projects to achieve project objectives (See Mandatory Reference, 31 U.S.C. 6301).

1. Competition requirement shall be deemed to have been met after an announcement is widely published (using internet, newspaper, or any other locally verifiable source of news/information that is available), and recommendation for award was made after an impartial review and evaluation of all applications. The Grants Manager in the field office and the Senior PM at MSI Headquarters will oversee the competition process.
2. MSI will seek maximum competition whenever possible. A two or more tiered level of competition (i.e., pre-qualification round) may be established, after reviewing and evaluating all submissions in a first review, a second level of competition using more specific evaluation criteria applied to the strongest applications. Application review will be conducted by the GEC.

There are, however, exceptions to competition as follows.

Restrictions to Eligibility

Eligibility may be restricted for the following categories of assistance awards when justified in accordance with the essential ADS 303.3.6.5 procedures. The Grants Manager will prepare a justification to restrict eligibility to be approved by the MSI Director of Contracts.

Follow-on Assistance Agreements and Amendments. A follow-on assistance award is a new agreement subsequent to the completion of an existing agreement for either the same activity or to further develop an existing assistance relationship. MSI may implement a follow-on assistance award through an amendment to an original award or as an entirely separate award. This authority must not be used to extend an award beyond five years of its original award date.

The Component Coordinators with COP approval must justify, with specificity and in writing, why the benefits of continuing the assistance activity with the same grantee exceeds the benefits of a competitive process as per ADS303.6.5.

Amendments which require justifications are those which, for example, extend the life of the award and simultaneously either increase the total estimated amount of the award or change the program description. USAID does not require a justification if the amendment is strictly for administrative purposes (such as

incremental funding, changes which do not require an increase to the total estimated amount of the award, or a substantive change to the program description).

Unsolicited Applications. MSI may make an award based on an unsolicited application, without the benefit of competition, when the application:

- Clearly demonstrates a unique, innovative, or proprietary program;
- Represents appropriate use of USAID funds to support or stimulate a public purpose and compliance with RGA objectives, deliverables and plans; and
- Fits within an existing Assistance Objective.

Unsolicited applications are those submitted by an applicant to MSI or USAID solely on the applicant's initiative, without prior formal or informal solicitation from MSI or USAID. The Grants Manager and the COP, or its designee must certify that:

- MSI did not solicit the application.
- Based on a review by the appropriate Component Coordinator and the COP, the application is considered unique, innovative, or proprietary.
- It fits within an Assistance Objective and the RGA Task Order's Statement of Work and the Work Plan.

When the terms of an unsolicited application fits within the scope of a published and open APS, the application may be considered under the APS. The unsolicited application is considered to have competed under the APS and no justification for an exception to competition is required.

A grantee request to extend an on-going relationship must not be considered an unsolicited application. In that case, MSI must prepare a justification using the guidance for amendments and follow-on assistance awards.

Exclusive or Predominant Capability. MSI may restrict eligibility when it considers one grantee to have exclusive or predominant capability based on the following criteria:

- Proprietary capability,
- Specialized facilities or technical expertise,
- An existing and unique relationship with the cooperating country or beneficiaries, or
- Participation in a Global Development Alliance, if applicable.

The Grants Manager must describe in sufficient detail the uniqueness of the proposed grantee and how it applies to the supported activity. The justification must also describe what, if any, other options MSI explored. This exception may not be used to continue an ongoing relationship when the applicant developed the exclusive or predominant capability during performance of an award. In that case, the Grants Manager should prepare a justification following the guidance for amendments and follow-on agreement awards. It also may not be used to continue an ongoing relationship with a grantee that received a non-competitive award.

New Entrants. MSI may restrict eligibility to organizations that have received USAID direct assistance of less than \$1,500,000 during the past three years in order to expand the number and sustainability of development partners.

Science and technology and innovation. Eligibility may also be restricted for new or follow-on awards, or amend existing awards in instances which MSI determines that a promising science and technology concept or innovative solution exists to tackle a pressing development challenge.

For purposes of this exception:

- **innovation** means significant, not incremental, improvements in development impact and the process that translates knowledge into economic growth and social wellbeing;
- **science** means the process of generating knowledge based on evidence, including the systematic study of the nature and behavior of the material and physical universe, based on observation, experiment, and measurement, and the formulation of laws to describe these facts in general terms; and
- **technology** means the application of scientific knowledge to practical problems, including the tools, processes, and techniques, created by such application of knowledge.

To use this exception to restrict eligibility, MSI must document with specificity that the proposed award or extension is for science and technology or innovation activities, and that the benefits to the RGA of restricting eligibility exceed the benefits to RGA of unrestricted eligibility.

Restricted Eligibility to Local or Regional Entities. USAID may restrict eligibility to local or regional (indigenous) entities. For purposes of consistency and reporting, the definition of “local entity” means an individual, a corporation, a nonprofit organization, or another body of persons that:

- (1) is legally organized under the laws of;
- (2) has as its principal place of business or operations in;
- (3) is majority owned by individuals who are citizens or lawful permanent residents of; and
- (4) is managed by a governing body the majority of who are citizens or lawful permanent residents of the country receiving assistance.

‘Majority owned’ and ‘managed by’ include, without limitation, beneficiary interests and the power, either directly or indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization's managers or a majority of the organization's governing body by any means.

If eligibility for award is restricted to local or regional entities, U.S. organizations may not submit an application for the award unless the program is re-advertised to provide unrestricted eligibility, allowing all U.S. organizations an opportunity to submit an application.

Any grants exceeding USD 150,000 will require both the approval of the USAID CO and the concurrence of USAID COR before award.

Grantee Pre-application Review and Training

If deemed necessary, MSI expects to hold training sessions for potential grantees to assist them in completing their applications and preparing budgets. The training may be conducted by the COP, the Grants Manager, or other qualified MSI staff members.

C. PRE-AWARD SURVEYS

Pre-Award Surveys must be conducted when a potential grantee has not previously completed a USAID grant. The recommendation or selection of an application in accordance with ADS303.3.6 does not in any way guarantee a grant (See 303.3.6). When the applicant organization has not previously completed a USAID grant¹, the Grants Manager must determine whether the organization possesses, or has the ability to obtain,

¹ This requirement is not applicable to Fixed Amount Awards.

the necessary management competence in planning and carrying out an assistance projects and whether it practices mutually agreed upon methods of accountability for funds and other assets provided by USAID. This determination will be made via a Pre-Award Survey.

The Grants Manager must also verify that the applicant is not listed as an excluded party in the System for Awards Management (<http://www.sam.gov/>), does not appear on the Office of Foreign Assets Control (OFAC) list found at <http://www.treas.gov/offices/enforcement/ofac/sdn> and is not listed in the United Nations Security Council's list of individuals, groups, undertakings and other entities associated with Al-Qaida, found at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

Depending on the result of the survey, the Grants Manager has the option to deny the recommendation of the GEC and not make the grant, or grant with "Specific Conditions" as detailed at 22 CFR 200.207 (See Mandatory Reference, 22 CFR 200.207) (See also ADS 303.3.9.2).

D. EVALUATION AND NEGOTIATION

Process Overview

1. When a grant application is received at MSI, the Grants Manager reviews the application to determine whether it supports RGA's Work Plan and whether the application form is fully prepared and all supporting documents are attached. The Grants Manager assigns a file number to the grant application and provides a copy of the application and supporting documents to the relevant Component Coordinator and the COP.
2. If it is determined that the application fits within the objectives of the program, the Grants Manager forwards the application with the budget to the Grants Evaluation Committee (GEC).
3. In forming the Grants Evaluation Committee (GEC), the Grants Manager will send the Non-Disclosure Agreement and Conflict of Interest certification to begin the process of reviewing applications. The technical proposals shall not be shared with the GEC until these documents have been executed by all members of the GEC.
4. The GEC will then initiate the review process and will fill out the Grant Proposal Evaluation Score Sheet form prepared by the Grants Manager. If necessary, the GEC will meet to provide feedback and comments regarding the application.
5. If it is determined that the application meets the project objectives, the Grants Manager will meet with the prospect grantee to provide feedback and request completion of the Pre-Award Survey. The Grants Manager will also request adjustments to the scope of work, if necessary, and start financial negotiations with the grantee.
6. Steps 3 and 4 are repeated, as needed, until the GEC is satisfied with the scope of work and budget, or it is determined that the applicant is not qualified to receive the grant.
7. Once the application is deemed acceptable, the Grants Manager will send a letter to the prospective grantee of its acceptance. Otherwise, the Grants Manager will send a letter to the prospective grantee explaining why the application was not approved.
8. The Grants Manager will draft a Memorandum of Negotiation for the project files, detailing the negotiation process that starts with the call, receipt of proposals, proposal evaluation, grantee selection, negotiation and award recommendation. This Memorandum is sent to the Senior PM for review and to facilitate approval for the grant from MSI Director of Contracts.

9. Once a Memorandum of Negotiation is approved by the Director of Contracts, the Senior PM submits concurrence request to proceed with the grant to the USAID COR.
 - Awards under USD 50,000 require technical concurrence from the COR within five days of the request. If technical concurrence is not provided within that period of time, MSI may proceed to issue the grant.
 - Awards USD 50,000 – 150,000 require only technical concurrence from the COR.
 - In cases of awards above USD 150,000, Senior PM, in consultation with the MSI Director of Contracts, will also request approval from the CO, through the COR.

Grant Evaluation Committee (GEC)

The Grants Evaluation Committee (GEC) may be composed of the following:

1. The RGA COP and DCOP, USAID COR or their alternate and/or others designated by the COR, and relevant RGA Technical Staff.
2. Others to-be-determined during preparation of the RFA/APS.

The GEC will be responsible for evaluating grant applications and making award selections. The composition of the group intends to allow input and gaining consensus from all sides of the Regional Governance Activity in the grantee selection process.

All members of the GEC who are involved in receiving and evaluating grant applications and/or making final grant award decisions are required to complete a Conflict of Interest certification and Non-Disclosure of Information Agreement. This certification requires members of the GEC to disclose any personal or other interests that he/she or a member of their immediate family could have in the award of a grant application and which might be construed as preventing the committee member from exercising their evaluation responsibilities in an objective and unbiased manner. It also requires each committee member to certify that they will not cause, make or condone any unauthorized release of information to any grant applicant that could be seen as allowing the applicant to obtain an unfair advantage in the evaluation process. Any potential conflict of interest must be disclosed to a designated MSI officer, who determines the appropriate course of action, including notification to the COR and/ or CO, where appropriate.

Before the award of any grant, the GEC must review the proposed program description and financial plan/budget to ensure that the proposed grantee describes, in adequate detail, the objectives of the grant, the activities that will achieve the objectives, and a monitoring system to measure the grantee's success.

If the GEC requests clarifications and/or alterations to the applications, the Grants Manager must communicate the comments and suggestions to the applicant's organization. The Grants Manager is responsible for ensuring that all issues were addressed in the revised document when applicable and including these issues in the Memorandum of Negotiation.

Review of Proposed Grant Budget

The Grants Manager must review the applicant's proposal to ensure that costs, including cost sharing, are in compliance with RGA budget. The grantee must justify in advance the proposed costs for each element of the program.

When performing a thorough cost analysis, the Grants Manager obtains cost breakdowns, verifies cost data, evaluates specific elements of costs, and analyzes data to determine the necessity, reasonableness, and allocability of the costs reflected in the budget and if they are allowable under the applicable cost principles.

The cost analysis helps the Grants Manager determine the extent of the prospective grantee's understanding of the financial aspects of the program and its ability to perform the grant activities within the amount requested.

The basic functions of budget review are summarized below:

1. Perform a cost analysis of project activities. Know all of the costs required to conduct a project.
2. Ensure all costs are reasonable – compare costs to actual quotes received by the grantee or recent quotes on file with MSI; USAID 1420 biodata forms may be requested to support proposed salaries.
3. Ensure all costs are allowable and allocable.
4. Estimate cash flow needs.
5. Make sure all grantee applications seek to the greatest extent possible full reimbursement of costs directly involved for the project or activity.
6. Budget costs by function or activity as well as by object class expenditure category (e.g., personnel, fringe benefits, travel, equipment, supplies, etc.).
7. Anticipate the need to hire staff and to purchase supplies and equipment, and further ensure that the organization and budgeted items comply with USAID Geographic Code.
8. Establish a system for budget control to guard against overruns that will force a grantee to use its own funds to pay for an under budgeted portion of the costs, and prevent under-spending as well.

The Grants Manager will negotiate with the applicant to resolve any questions related to proposed costs that do not comply with these policies before award can be made.

In certain instances the Pre-Award Survey results may indicate a few areas of concern to MSI, which could be corrected after the award of the grant to the grantee. Such conditions must be included in the main grant schedule, as a specific condition. (See conditions for high-risk recipient in ADS 303.3.9.2).

Memorandum of Negotiation

The Grant Manager must compile the information regarding the negotiation process for each grant or a modification to an existing grant, along with other pre-award determinations, in a Memorandum of Negotiation. The purpose of the Memorandum is to document discussions between MSI and the applicant, noting major issues and concerns that were raised and agreements made. The Memorandum must include the cost analysis conducted by the Grants Manager. The Grants Manager submits the Memorandum of Negotiation to the Senior PM for review and to facilitate approval from the MSI Director of Contracts.

Representations and Certifications

The grant agreement will always include the mandatory certifications required in ADS 303.3.8, which the grantee is required to sign as a part of the award acceptance. These will include:

1. Certification and disclosure forms for “Restrictions on Lobbying” (22 CFR 227);
2. “Prohibition on Assistance to Drug Traffickers” for covered assistance in covered countries, as detailed in (ADS 206.3.10);

3. Certification Regarding Terrorist Funding required by the Internal Mandatory Reference (AAPD 04-14);
4. “Key Individual Certification Narcotics Offenses and Drug Trafficking” (ADS 206); and
5. “Participant Certification Narcotics Offenses and Drug Trafficking” (ADS 206).

Notification

All organizations which submitted an application for grant funding are notified in writing as to the success of the application. No one from the MSI Grants Team must make a commitment, expressed or implied, to the selected applicant. Only the Director of Contracts at MSI Headquarters is authorized to make commitments on behalf of MSI.

The Grants Manager will maintain a register of all applications received and their subsequent determination of eligibility by both MSI and USAID.

DUNS Number Registration

All applicants approved to receive a grant of over USD 25,000 will be required to register for a Data Universal Numbering System (DUNS) Number. Applicants will be notified of this requirement in all public notices for application.

III. GRANTS MANAGEMENT PROCESS: AWARD

A. GRANT AGREEMENT ISSUANCE PROCESS

The procedures for receipt, approval, administration, and monitoring and evaluation of grants include the following:

1. Once the necessary USAID approval for the selected grantee has been granted, the Grants Manager will draft the grant agreement based on MSI's approved template, which includes the program description, budget and certifications. The Grants Manager will send draft grant agreement to the Senior PM, who will review and request final approval from the Director of Contracts. The Senior PM will send final grant agreement to the Grants Manager to obtain execution by grantee.
2. The grantee shall return one fully signed copy to the Grants Manager who will send it to the Senior PM and the Director of Contracts for countersignature.
3. The Senior PM will keep a copy in the electronic files of the program. The Grants Manager will keep a hard copy as well as a digital copy of all awards.

B. PREPARATION OF THE GRANT

MSI must ensure that all elements of a legally binding grant are present: competent parties; proper subject matter; sufficient consideration; mutual understanding; and agreement on the terms of the assistance instrument.

All special grant considerations, such as branding requirements, cost sharing, environmental procedures required by 22 CFR 216, and pre-award representations and certifications, must be met.

All elements of the grant, including items in the schedule, such as period of performance, award amount, place of performance, and program description, must clearly and coherently express the specific understanding of both parties. The description must have clearly established goals that are realistic, measurable, and represent the highest objective that the grantee can expect to materially affect and for which it will be held accountable.

Standard Provisions must be included in all Fixed Amount Awards. Mandatory Standard Provisions and Required As Applicable Standard Provisions must be included, preferably by way of web links, for all Simplified Grants.

C. REPORTING REQUIREMENTS

Simplified Grants

Simplified grants will include a provision for required performance and financial reports which will specify the frequency with which the reports shall be submitted and their content.

Program Performance Reports

Generally, performance reports will not be required more frequently than quarterly and not less than annually. However, it may be determined necessary to require monthly reporting as a special award condition if the grantee is determined to be medium to high risk.

Performance reports shall generally contain brief information on each of the following:

- A comparison of actual accomplishments against the goals and objectives established for the period, the findings of the implementing partner, or both. When appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs;
- Reasons why established goals were not met, if appropriate; and
- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Financial Reports

Generally, financial reports will not be required more frequently than quarterly and not less than annually. However, it may be determined necessary to require monthly reporting as a special award condition if the grantee is determined to be medium to high risk.

Financial reports shall generally contain most recent months' expenditures, cumulative expenditures, and a comparison of these expenditures to the budget.

Fixed Amount Awards

Reporting requirements for Fixed Amount Awards will be described in each Award, based on the milestones and particular requirements of each FAA.

D. BRANDING AND MARKING

In accordance with the Marking requirements specified in 22 CFR 700.16, all awards will comply with the approved Branding Implementation Plan for the Regional Governance Activity. The relevant sections of the RGA Branding Implementation Plan will be provided to each grantee as part of their award.

All costs associated with branding (press conferences, media and promotional materials, photography, site visits, success stories, etc.) and marking (plaques, banners, signs, stickers, etc.) are to be included in the total budget amount of the grant.

E. TITLE TO AND USE OF PROPERTY

Title to all property financed with RGA grant funds or furnished via In-Kind Grants is vested in USAID unless otherwise specified, or subsequently if so directed by USAID.

Grant recipients who purchase property with RGA funds or receive property via an In-Kind Grant must:

- a) Put in place adequate safeguards to prevent loss, damage or theft of the property;
- b) Notify the RGA Grants Manager immediately upon the discovery of any loss, damage or theft of grant-funded or furnished property; and
- c) Maintain an accurate inventory of all grant-funded property, to include a detailed description, model and serial number (where applicable), asset tag number, acquisition date and cost, location and user, and condition.

F. POST-AWARD ORIENTATION

The Grants Manager should conduct a post award orientation with new grantees to explain how the agreement works, invoicing, USAID branding requirements, property management (if applicable), deliverable reporting, cost share reporting, standard provisions and documentation required for supporting costs invoiced and cost share.

G. USAID APPROVAL

The Senior PM will submit a request to the Contracting Officer's Representative (COR) for concurrence prior to issuing grant agreement for selected grantee. Each concurrence request will specify the amount and type of the proposed grant, the name of the proposed recipient, a description of the activities to be supported under the grant, a description of how RGA will work to enhance sustainability and strengthen local organizations, and the amount of funds to be expected to be leveraged with the subgrant.

- Awards of under USD 50,000 require technical concurrence from the COR within five days of the request. If technical concurrence is not provided within that period of time, MSI may proceed to issue the grant.
- Awards of USD 50,000 – 150,000 require only technical concurrence from the COR.
- In cases of awards above USD 150,000, Senior PM in consultation with the MSI Director of Contracts will also request approval from the CO, through the COR.

Any grants proposed above the Simplified Acquisition Threshold (currently USD 150,000) will require the further, prior approval of the Contracting Officer.

IV. GRANTS MANAGEMENT PROCESS: ADMINISTRATION

The Grants Manager will maintain regular contact with the grantee and will collaborate with the Component Coordinators to ensure that the activities and deliverables established in the grant agreement are completed and the milestone commitments are acceptable.

The Grants Manager will serve as the mandatory control point of record for all official communication that will constitute an amendment to the award. The COP will provide technical oversight. The Grants Manager will receive copies of all performance and financial status reports, as appropriate. The Chief of Party will authorize payment for each deliverable and the accountant will process invoices for payment accordingly.

The Component Coordinators and Grants Manager are responsible for preparing documents necessary to support amendments to the grant. The COP, Grants Manager and Senior PM will be responsible for all award amendment, suspension and termination actions.

A. FINANCIAL MANAGEMENT

Payments

Payments will be made by electronic transfer or by check – no other methods of payment are allowable. MSI will only make payments to organizations, not to individuals.

Payments will be made within 30 days of receipt and approval of the payment voucher.

It is MSI and USAID policy that no funds are paid as profit or fee to a grantee under any types of grants agreements.

Payments for Fixed Amount Awards

Payment shall be made by MSI upon its acceptance of each milestone completed by the grant recipient, as agreed in the Payment Schedule. All payments will be made for a fixed amount as indicated in the grant agreement. Within 5 days of completion of each milestone, the grantee shall submit a voucher for payment.

Each voucher shall be identified by the grant number and shall state each milestone accomplished as well as the total payment amount requested. The request for payment shall include a certification by the grantee that the activity milestone for which it is requesting payment has been completed in accordance with the program description, as well as approval from the Component Coordinator who must certify having received the commodities and/or services to its satisfaction and indicated the place of the deliverable in the Program's server. No payments shall be processed without this certification.

The following is a summary checklist for making payments under FAAs:

1. Payments for FAAs will be based on milestone achievements established in the agreement.
2. The grantee must submit the deliverables corresponding to the milestone in the grant agreement and an invoice to the Grants Manager.
3. The Grants Manager will ensure any required cost share requirement, if applicable has been met, and that appropriate documentation is submitted.
4. The Grants Manager will obtain the written approval from the Component Coordinators for the deliverable and confirmation that the FAA milestone is completed.

5. The Grants Manager forwards the approval for payment to the Chief of Party prior to proceeding with payment via check or wire transfer, depending on the terms of the agreement

Payments for Simplified Grants

Payments for cost reimbursable-type Simplified Grants are made on a monthly or quarterly basis. A payment voucher is required and must be supported with financial reports and receipts.

1. Disbursements will be based on the schedule of payments provided in the agreement.
2. The recipient shall maintain appropriate records, documents, and other evidence relating to the RGA-sponsored project, in order to show that all costs incurred under the award were reasonable, allowable, and in accordance with the terms of the award.
3. Grantees are required to report on all expenditures on a regular basis. The reporting period will be established in the grant agreement. This document contains information on the most recent months' expenditures, cumulative expenditures, a comparison of these expenditures to the budget, and matching or cost-share expenditures. This report is prepared by the grantee.
4. Attached to all Grant Financial Reports will be:
 - originals of all receipts for expenses;
 - vouchers;
 - any other supporting data; and
 - written explanations of any budgetary problems, unusual or large expenditures, cost overruns or any other financial issues.
5. Review of Financial Report
 - a. Grantees shall provide a financial report to the RGA Grants Manager on the same day as their Technical Report for the reporting period. There are two components to the review of the financial report: 1) review for completeness, correct arithmetic, consistency with prior reports, and conformity to the RGA Program financial report format, and 2) review of the reasonableness of expenditures by examination of the financial report and documentation of expenses.
 - b. The Grants Manager should seek correction of errors and clarification of any unclear or questionable expenses by directly contacting the grantee and request documentation and justification for any questionable expenses. Any expense is questionable when:
 - i. The description in the list of transactions is not clearly linked to approved budget categories;
 - ii. The expense is not within the approved grant budget.
 - iii. The expense appears to be unallowable - either prohibited (e.g., entertainment) or clearly outside of any of the approved budget categories;
 - iv. The expense does not appear to be an appropriate allocation to the project—for example, the expense is a travel expense, which is allowable, but the project plan has no travel planned during the period in question; or,
 - v. The expense clearly seems unusual in terms of its cost—excessive costs for items are prime targets for review.

6. Checking Documentation of Expenses

The Grants Manager will need to ensure the documentation of expenses should meet the following standards:

- i. Original of an invoice or receipt from the vendor/supplier of the good or service to support each expense claimed.
- ii. Invoices/receipts should describe the item purchased in sufficient detail to verify that the expense is allowable and is assigned to the appropriate budget category.
- iii. When questioned, grantees should be able to explain the relationship of the expense to project objectives.
- iv. In cases of unusually high expenses (e.g., professional consultant costs or equipment purchases) grantees must provide additional procurement documentation to support their selection and price evaluation.
- v. Expenditures of USD 500 or more should be accompanied by invoices and other documentation citing multiple quotations received, along with proof of MSI approval.

Both the technical report and financial report must be approved by the Grants Manager and Chief of Party prior to the disbursement of additional funds.

Recording Grants Activity to MSI's Filing and Accounting System

Payment requests and/or financial reports from grantees should be sent directly to the Grants Manager, for review and approval of documentation. Once the Grants Manager and Chief of Party are satisfied with documentation it should then be forwarded to the accountant for processing of payments and entry into MSI's accounting system. All grants are booked to the relative project and task. The grant name and agreement numbers should be coded on each grants' package.

B. PERFORMANCE MONITORING AND SITE VISITS

Site visits are a very important part of the overall communications and monitoring relationship established with the grantee. The grantee must have a clear impression that the RGA team are serious about proper implementation of grant activities, timely reporting, and compliance with the terms and conditions of the grant agreement. This impression is strengthened and supported by the presence of RGA staff at the project site. The grantee should also have the impression that RGA project staff can provide valuable feedback, advice, and assistance to support and stimulate successful project implementation.

Site visits are carried out by the Grants Manager and the responsible Component Coordinator. The purposes of the site visit include confirmation or assurance that:

- Information contained in grantee technical and financial reports is accurate;
- Project activities are proceeding as per plan, and/or, in the case that major problems, delays, or obstacles exist, the grantee is effectively and constructively attempting to resolve such issues;
- The grantee is in compliance with the terms and conditions of the agreement and particularly including those related to proper management and security of USAID RGA program funds and equipment purchased under the award.

Site visits also provide an opportunity to better understand the project and obtain details that are not normally found in the monthly reports. Such information may be used by staff to provide information required by clients such as USAID, other potential donors, and the public.

Determining Frequency of Site Visits

The frequency of site visits will be determined by the COP.

Notifying the Grantee and Scheduling Site Visit

When the Grants Manager contacts the grantee to set up the site visit, the reason for the visit should be stated (e.g., routine or to discuss a particular issue). Prior to the visit, the person(s) conducting the visit should review the RGA files on the grantee, including the grant/award, monthly reports, etc.

Performing Site Visits

A normal site visit may include some of the following steps to draw conclusions regarding the organization's performance under the terms of the agreement:

Program issues. Interview the grantee manager. The purpose is to discuss the course of project implementation and the activities planned, as well as to listen to their evaluation of implementation, existing problems, and difficulties. Evaluate how well the grant activities are in compliance with the Agreement. Make local site trips to review grant activity. Meet with the partners and the clients of the grantee, and representatives of local administrations involved in project implementation.

Financial Management issues. Meet with the financial manager, accountant, or other financial staff to gain an understanding of the financial procedures. Review cash management practices to determine security of cash. Review a sample of financial records - especially payments of large amounts, equipment purchases, and consultant expenses. Review the location and use of any equipment procured with grant funds

In the event that the site visit is targeted towards a specific issue or problem the steps in the review may be focused or expanded.

At the end of the site visit, a debriefing should be scheduled with the grant project director, the organization's director, and/or the accountant to discuss any preliminary conclusions. The debriefing gives the reviewer an opportunity to clear up any potential misunderstandings or inaccurate conclusions prior to report preparation.

Site Visit Report

The report should include background information regarding the visit such as:

- The date of the visit;
- Who carried out the visit;
- The names and positions of grantee staff visited;
- A summary of the findings and recommendations; and
- Any examples of potential success stories and major accomplishments.

In the event that further investigation is required, the Grant Manager will contact the Director of Contracts.

Evaluations

The evaluation process is meant to measure the grant results and whether or not the grantee fulfilled the objectives of the award. In turn, the grant evaluation also contributes to the evaluation of the achievement of the USAID/Colombia Regional Governance Activity's goals. In the case of FAAs, the M&E specialist will attend meetings, events and other planned grant activities. He/she will provide a report to the COP which

includes the details and evaluation of the quality of the activity. All success stories should be submitted to the COP for inclusion in the quarterly report to USAID.

C. CHANGES

Any change in key personnel, scope, budget, extension of the grant period (which must be requested in writing no less than 30 days prior to expiration), transferring of amounts from budget line items over 10% of the original item, and need for additional grant funding, requires the approval of the MSI Director of Contracts' and concurrence of the USAID COR. . Changes to grants which initially required CO approval will also require the CO's approval.

Requests for MSI approval of budget revisions must be submitted in writing. The Grants Manager will review the request and coordinate with Senior PM on obtaining MSI Director of Contracts' approval.

MSI is under no obligation to reimburse the grantee for costs incurred in excess of the total amount obligated under the award. If the total obligated amount under the award has been increased, MSI will notify the grantee in writing of the increase and specify the new total obligated award amount.

D. DISPUTES AND APPEALS

MSI's grants include the following standard for settlement of disputes regarding the grant agreement:

The parties shall use their best efforts to settle amicably all differences and disputes arising out of or in connection with the Agreement or the interpretation thereof. In the event the parties are unable to settle their differences in a prompt and amicable manner, then the matter shall be referred to the MSI Director of Contracts for investigation and discussions between the parties to result in written findings and stipulations by the parties. Should both parties decide to enter into arbitration proceedings, then the rules of procedure for arbitration of the United Nations Commission on International Trade Law (UNCITRAL) as in force on the date of this agreement shall apply.

E. TERMINATION

USAID and MSI have the right to terminate the grant in whole or in part, or suspend payments, should the grantee become insolvent during performance of the award.

USAID has the right to terminate grant activities unilaterally in extraordinary circumstances. Simplified Grants may be terminated by USAID or MSI with 30 days' written notice to the grant recipient.

For Fixed Amount Awards: MSI will document that reasonable steps were taken to ensure that all purchases charged to the grant are at reasonable prices and from responsible sources. At MSI's request, the grantee should refund to MSI any funds received from MSI that represent reimbursement for any costs determined by MSI or USAID not to meet the terms and conditions of this grant.

V. GRANTS MANAGEMENT PROCESS: CLOSEOUT

Accounting, Audit, and Records

For All Grants: The grantee shall maintain financial records, supporting documents, statistical records and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., or cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to the type of award.

Accounting records that are supported by documentation will be, at a minimum, adequate to show all costs incurred under the award, receipt, and use of goods and services acquired under the award, the costs of the program supplied from other sources, and the overall progress of the program.

Unless otherwise notified, the grantee records which pertain to this award shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by MSI and/or its representatives. Both the MSI Headquarters and field office will maintain a detailed file for three years after the expiration of the grant.

All files are to be made available to USAID or its representatives for review at any time. The file is to include the competition process (where applicable), negotiation memo, the application, grant agreement, copies of all payment receipts, all financial reports, relevant communications with MSI staff and required reports.

Close-out Procedure

1. The grantee must submit the last milestone product(s) to the Component Coordinator by the date established in the grant agreement.
2. The Grants Manager will request from the grantee a final inventory of all residual non-expendable property titled in the U.S. Government and/or residual property valued over USD 500 titled to the grantee, which was furnished by MSI or acquired under the grant agreement.
3. The Grantee must complete and sign the Grant Completion Certification Form.
4. The Grants Manager will complete the Closeout Checklist and obtains COP approval for the closeout of the grant.
5. The Grants Manager will close the grant agreement on the basis of the completion of milestones and/or other terms of the grant agreements, final and other reports (as needed), and close out form.
6. All grant-related files in hard copy are maintained in the Field Office and electronic version in the MSI HQ Office. All files will be kept by grantee for three years and made available to auditors upon request.

ATTACHMENT I: OVERVIEW OF GRANTS PROCESS

The following table provides an overview of the grants process.

STEP	INSTRUCTIONS	Templates
1. Advertisement of Grant Competition	<ul style="list-style-type: none"> ➤ Field Team determines whether to use an RFA or APS in consultation with the MSI Director of Contracts and whether to use a one or two step process. When security is an issue, a confidential RFA or APA may be issued. When a sole source grant is contemplated, it must meet the criteria outlined under ADS 303.3.6.5 or ADS 303.3.6.6. ➤ Field Team drafts appropriate document including evaluation criteria, and sends it to the Senior Project Manager for review and to facilitate approval from the MSI Director of Contracts. ➤ Senior PM requests concurrence from the COR for the RFA or APS.. ➤ Advertisement is posted publicly or via confidential means. 	<ul style="list-style-type: none"> ➤ RFA Template ➤ APS Template
2. Evaluation of Applications	<ul style="list-style-type: none"> ➤ Grants Manager receives applications and verifies their responsiveness ➤ Grant Evaluation Committee reviews applications and scores them using the Grant Proposal Evaluation Score Sheet form and evaluation criteria developed in Step 1. ➤ GEC selects prospective grantees. 	<ul style="list-style-type: none"> ➤ Grant Proposal Evaluation Score Sheet Form
3. Applicant Eligibility and Budget Review	<ul style="list-style-type: none"> ➤ Grant Manager confirms applicant eligibility by reviewing Pre-Award Survey. ➤ Grants Manager reviews budget and requests additional information from the grantee as needed. ➤ Grants Manager requests grantee to fill out required certifications. ➤ Grants Manager prepares Memorandum of Negotiation and conducts verification from the Excluded Parties and Anti-Terrorism lists. ➤ Grants Manager verifies source, origin, nationality of commodities and nationality of services budgeted. 	<ul style="list-style-type: none"> ➤ Pre-Award Survey ➤ Certification Forms ➤ Memorandum of Negotiation Template ➤ Excluded Parties Verification Form

	<ul style="list-style-type: none"> ➤ Grants Manager sends Memorandum of Negotiation to the Senior PM for review and to facilitate approval from the MSI Director of Contracts. 	
4. USAID COR Approval	<ul style="list-style-type: none"> ➤ Senior PM prepares and requests COR concurrence for the selected grantee (and CO approval, when required). ➤ When received, COR concurrence (or CO approval, where applicable) is sent to the Grants Manager. 	
5. Grant Agreement	<ul style="list-style-type: none"> ➤ Grants Manager prepares grant agreement using appropriate pre-approved template and sends it to the Senior PM. ➤ Grants Manager obtains the signature of the grantee, then sends to the Senior PM for countersignature. 	<ul style="list-style-type: none"> ➤ Fixed Award Amount Template ➤ Simplified Grant Agreement Template ➤ In-Kind Grant Template
6. Training	<ul style="list-style-type: none"> ➤ Training is provided to the grantee on grants management as needed, as well as on Ethics; Grant Reporting; Deliverable Branding; M&E reporting. 	
7. Administration	<ul style="list-style-type: none"> ➤ Grantee requests payment using appropriate Payment Request Form, and delivers any milestone deliverables or progress and financial reports as required by the grant agreement. ➤ Grants Manager secures the following approvals to confirm grantee has met milestone requirements for approval: 1) Appropriate Component Coordinator; 2) COP. ➤ Grants Manager forwards Grantee Payment Request Form with required approvals to Accountant for processing of payments. 	<ul style="list-style-type: none"> ➤ Grantee Payment Request Form
8. Close-out	<ul style="list-style-type: none"> ➤ Grants Manager obtains Completion Certification and all required final reports from grantee prior to making final payment. ➤ Grants Manager completes Close-out Checklist. 	<ul style="list-style-type: none"> ➤ Grant Completion Certification Form ➤ Closeout Checklist
9. Tracking Files	<ul style="list-style-type: none"> ➤ Grants Manager tracks all grants on grantee tracking log and ensures that file for grantee is complete according to the Document Retention Checklist. 	<ul style="list-style-type: none"> ➤ Grants Tracker ➤ Document Retention Checklist