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Indonesia Urban Water, Sanitation, and Hygiene

USAID INDONESIA URBAN WATER SANITATION AND HYGIENE

GRANTS PROGRAM MANUAL AND IMPLEMENTATION PLAN

MAY 2011

This manual is made possible by the support of the American People through the United States Agency for International Development (USAID.) The contents of this manual are the sole responsibility of DAI and do not necessarily reflect the views of USAID or the United States Government

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GRANTS PROGRAM MANUAL AND IMPLEMENTATION PLAN

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Contractor's Name:	Development Alternatives Inc.
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TABLE OF CONTENTS

TABLE OF CONTENTS	I
ACRONYMS	III
1. PROJECT BACKGROUND	I
2. GRANTS PROGRAM	2
2.1 GENERAL.....	2
2.2 PURPOSE OF GRANTS PROGRAM.....	2
2.3 PRINCIPAL OBJECTIVES OF IUWASH GRANTS PROGRAM.....	2
2.4 ILLUSTRATIVE GRANT ACTIVITIES	3
2.5 DEFINITION OF TERMS	4
2.6 ROLES AND RESPONSIBILITIES	6
2.7 STANDARD OF CONDUCT.....	8
3. TYPES OF GRANTS	9
3.1 STANDARD GRANTS	9
<i>Method of payment</i>	9
3.2 SIMPLIFIED GRANTS.....	10
<i>Method of payment</i>	10
3.3 FIXED OBLIGATION GRANTS.....	10
<i>Method of payment</i>	11
3.4 IN-KIND GRANTS	12
<i>Method of payment</i>	13
4. GRANT ELIGIBILITY REQUIREMENTS	14
4.1 MINIMUM ELIGIBILITY CRITERIA.....	14
4.2 INELIGIBLE ORGANIZATION	14
4.3 HIGH RISK GRANTEEES	15
4.4 INELIGIBLE ACTIVITIES AND UNALLOWABLE COST.....	15
4.5 REQUIRED CERTIFICATIONS	15
5. GRANT AWARD PROCESS	16
5.1 EXCEPTIONS TO COMPETITION.....	16
5.2 OVERVIEW OF THE AWARD PROCESS.....	17
5.2.1 <i>Types of Applications</i>	17
5.2.2 <i>Full and Open Competition</i>	17
<i>Full and Open Competition Process</i>	18
5.2.3 <i>Direct Solicitations</i>	19
<i>Direct Solicitation Process</i>	19
5.2.4 <i>Unsolicited Applications</i>	20
<i>Unsolicited Application Process</i>	20
5.2.5 <i>Format of Request for Application (RFA)</i>	21
5.2.6 <i>Issuance of the Request for Applications</i>	22
5.2.7 <i>Issuance of the annual program statement (ADS 303.3.5.4)</i>	22
5.2.8 <i>Pre-Application Meeting</i>	23
5.2.9 <i>Format of Grant applications</i>	23
5.2.10 <i>USAID Approval</i>	23
6. GRANT EVALUATION COMMITTEE AND SELECTION	24
6.1 GRANTS EVALUATION COMMITTEE.....	24
6.2 EVALUATION CRITERIA	25
6.3 COST SHARING.....	26

6.4	ENVIRONMENTAL COMPLIANCE.....	26
6.5	PRE-AWARD RESPONSIBILITY DETERMINATION (ADS 303.3.9).....	26
6.6	COST ANALYSIS AND NEGOTIATION	27
6.7	AWARD ELEMENTS.....	28
6.8	NEGOTIATION MEMORANDUM.....	28
7.	GRANTS PROGRAM ADMINISTRATION.....	29
7.1	GRANTS IMPLEMENTATION PLAN.....	29
7.1.1	<i>Programmatic assurances</i>	29
7.1.2	<i>administrative assurances</i>	30
7.1.3	<i>grants management task force</i>	30
7.1.4	<i>distribution and allocation of grants fund</i>	33
7.2	GRANTS ADMINISTRATION	33
7.3	FINANCIAL CONTROL SYSTEM	34
7.4	MONITORING AND EVALUATION.....	35
7.5	BRANDING AND MARKING.....	36
7.6	USE AND DISPOSITION OF PROJECT INCOME.....	36
7.7	CASH DISBURSEMENTS.....	37
7.8	DEBARMENT AND TERRORIST FINANCING	38
7.9	PROCUREMENT PROCEDURES	39
7.9.1	<i>Procurement Standards</i>	39
7.9.2	<i>Allowable Costs and Eligibility Rules for Goods and Services</i>	39
7.9.3	<i>Restricted Goods and Ineligible Goods</i>	40
7.9.4	<i>Source, Origin, and Nationality</i>	40
7.10	EQUIPMENT.....	40
7.11	SUPPLIES.....	41
7.12	TRAVEL.....	41
7.13	RIGHTS TO INTELLECTUAL PROPERTY.....	41
7.14	GRANT AUDIT AND GRANT PROJECT MASTER FILE	42
7.15	RECORDS RETENTION.....	44
7.16	CLOSEOUT PROCEDURES.....	44
7.17	LANGUAGE	44
8.	TERMINATION, SUSPENSION, AND MODIFICATION	45
8.1	TERMINATION AND SUSPENSION	45
8.2	MODIFICATION	47
8.3	ALTERNATIVE DISPUTE RESOLUTION.....	48
8.4	RIGHT OF USAID TO SUPERSEDE CONTRACTOR DECISIONS.	49
ANNEXES	50
	ANNEX A: ENVIRONMENTAL COMPLIANCE – ASIA 09-86 INDONESIA IEE & ETD IUWASH	50

ACRONYMS

ADS	Automated Directive System
AIDAR	Agency for International Development Acquisition Regulations
APBD	Anggaran Pendapatan Belanja Daerah (Local Government budget)
AO	Assistance Objective
BCA	Behavior Change Advisor
BMP	Best Management Practice
CFR	Code of Federal Regulations
CO	Contracting Officer
CBO	Community-Based Organization
COTR	Contracting Officer Technical Representative
COP	Chief of Party
CSR	Corporate Social Responsibility
DAI	Development Alternatives, Inc.
DCOP	Deputy Chief of Party
DEC	Development Experience Clearinghouse
DKI	Daerah Khusus Ibukota Jakarta (Jakarta Province)
E.O	Executive Order
ETD	Environmental Threshold Decision
FAR	Federal Acquisition Regulations
FOG	Fixed Obligation Grant
GEC	Grant Evaluation Committee
GIS	Geographical Information System
GM	Grants Manager
GOI	Government of Indonesia
GUC	Grants under Contract
HCA	Head of the Contracting Activity
IEE	Initial Environmental Examination
IUWASH	Indonesia Urban Water, Sanitation and Hygiene
LGU	Local Government Unit
NGO	Non-Governmental Organization
MBR	Masyarakat Berpenghasilan Rendah (low-income population)
MCK	Mandi, Cuci dan Kakus (Bath, Laundry, Toilet)
MDG	Millenium Development Goal
OCI	Organizational Conflict of Interest
OFAC	Office of Foreign Assets Control
OMB	Office of Management and Budget
PDAM	Perusahaan Daerah Air Minum – Local Water Utility
POKJASAN	Kelompok Kerja Sanitasi – Sanitation Working Group
PVC	Polyvinyl Chloride (pipe)
PVO	Private Volunteer Organization
RFA	Request for Application
RT / RW	Rukun Tetangga / Warga (Neighborhood Unit)
SAN TT	Sanitation Technical Team
SEC	Securities and Exchange Commission
SGP	Small Grant Program
STBM	Sanitasi Total Berbasis Masyarakat (Total Community Based Sanitation)
SO	Strategic Objective
TAMIS	Technical and Administrative Management Information System

TNI	Tentara Nasional Indonesia
USAID	United States Agency for International Development
USD	United States Dollar
USG	United States Government
WSFGA	Water/Sanitation Financing/Governance Advisor
WSTA	Water/Sanitation Technical Advisor

I. PROJECT BACKGROUND

The USAID Indonesia Urban Water, Sanitation and Hygiene (USAID IUWASH) is a five-year project funded by the United States Agency for International Development (USAID) and implemented by Development Alternatives, Inc. (DAI). The project will be implemented in at least 5 regions as follows:

- Region 1: North Sumatera and Aceh
- Region 2: Banten, West Java, DKI Jakarta Raya
- Region 3: Central Java
- Region 4: East Java
- Region 5: South Sulawesi and Eastern Indonesia, Ambon (Maluku) and Jayapura (Papua).

The overall goal of the USAID IUWASH Project is to assist the Government of Indonesia to make significant progress in the Millennium Development Goals by expanding access to clean water and adequate sanitation within the 5 years project period. The expected results to be achieved are:

- 2 million people in urban areas gain access to improved water supply as a result of US Government assistance.
- 200,000 people in urban areas gain access to improved sanitation facilities as a result of US Government assistance.
- The per unit water cost paid by the poor in targeted communities decreases by at least 20% through more participatory, transparent, accountable and financially enabled services.

To reach the expected results, the USAID IUWASH Project will provide a range of technical assistance, both long- and short-term to support USAID/Indonesia's assistance objectives related to increasing safe drinking water and adequate sanitation access.

The project will focus on water and sanitation governance reform as a key element to achieving greater access to piped water services and improved sanitation and therefore the project will engage central and local government agencies, community, private sector, NGO, community groups, and universities in achieving these objectives. Key government stakeholders are represented at the district and municipal, provincial and national levels. The USAID IUWASH strategic approach brings to scale water and sanitation investments by engaging the array of key stakeholders and central government counterparts in improvements to service delivery which will have a positive impact to the urban community environment, health, economic growth, women's empowerment, and school retention outcomes.

2. GRANTS PROGRAM

2.1 GENERAL

The Contractor (DAI) will award and administer a grants fund that will be used strategically to support a process of constructive engagement and planning between communities, indigenous Non-Government Organizations (NGOs), local institutions, water utilities (PDAM), private sector and other relevant government agencies to extend project impact and further project objectives. The Contractor will administer the grants program in accordance with the requirements of ADS 303, 22CFR 226, the provision of the IUWASH Contract and applicable Federal law.

The USAID IUWASH grants program represents a key component of the Project's strategy for ensuring both equitable and sustainable access to safe drinking water and sanitation in the selected sites through the participation and/or collaboration of local entities.

Under the IUWASH Grants Program, the Contractor will provide funding to Indonesian, U.S. Non-Governmental Organization, and International NGOs, civil society organization, small and medium enterprises, community-based organizations, faith-based organizations, universities, and other indigenous organization up to a maximum total value of \$2.5 million for the entire life of project (i.e., 5 years). Grants will be awarded when appropriate in combination with technical assistance, training, and other activities in response to expressed local needs in the selected project sites. The total value of any individual grants to any organization will not exceed \$100,000. All grants must have a period of performance within the IUWASH contract period of March 2011 through March 2016, subject to USAID funding. Grants should be programmed to be completed at least three months prior to the IUWASH contract completion date.

2.2 PURPOSE OF GRANTS PROGRAM

The purpose of the Grants Fund is to encourage participation and/or collaboration of local entities toward the achievement of the three expected results mentioned above. An additional underlying purpose of the Grants Program is to build the capacity of community-based and non-governmental organizations devoted to improved access to safe drinking water and sanitation to the urban poor through the adoption of more participatory and open processes (plans, budgets, service delivery) that involve not just the government agencies stakeholders but also the citizens and local councils (RTs/RWs, Kelurahan and Kecamatan).

2.3 PRINCIPAL OBJECTIVES OF IUWASH GRANTS PROGRAM

The IUWASH Grants Program has three principal objectives:

- Stimulate demand from both civil society and local government for improved and increased water supply and sanitation services by boosting the proportion of urban poor households connected to piped water systems and having better access to the most basic sanitation in order to reduce threats to human health and the environment.

- Improve and expand the capacity of local government and other local partners/service providers to understand and address challenges to improving water and sanitation services.
- Strengthen the policy and political environment and mobilize financing to support the equitable expansion of water and sanitation services.

The scope of grant applications must meet one or a combination of the above principal objectives in order to be considered for funding. The three objectives are interlinked since success under one cannot be achieved if there is not commensurate success in the other two objectives.

2.4 ILLUSTRATIVE GRANT ACTIVITIES

The illustrative activities listed below may be supported by grant funds.

A. Demand mobilization for improved water and sanitation services

- Increasing community awareness initiatives to create demand for safe water and sanitation ,
- Promoting development, installation and maintenance of innovative water supply and sanitation systems (e.g., master meter, micro-credit, small scale sanitation, water & sanitation grants, etc.) at communities, schools, and/or other public institutions.
- Training and Hygiene Behavior Change Programs for local community cadres, community groups and District Health (Puskesmas) Sanitarians, to promoting behavior change and awareness of better hygiene practices.
- Increasing level of performance of piped water services implemented by the water utilities and sanitation services by local government and community-based association or water-users associations.
- Improving advocacy skills of water user groups with local Governments, parliaments and service providers.
- Promoting greater use of information and media to raise awareness of service providers performance in delivering water to poor communities and the higher costs paid by the poor for water and/or sanitation issues and the effects of sanitation on public health.
- Establishing reward and competition programs among Districts, sub-Districts, and administrative units (RWs and RTs) to achieve the water supply, sanitation and related hygiene improvement goals of the citywide strategies or other local government programs.

B. Capacity improvement to provide sustainable safe water and sanitation services.

- Building water utility capacity to scale-up successful schemes, e.g., communal metering, micro-credit for Drinking Water Users Association (HIPPAM), public toilet, bathing and washing (MCK++), community septic tank, that can bring communities together to engage with utilities to broker more affordable, reliable, and safe water supply access.
- Enable small and medium enterprises and other private sector entities in providing affordable communal sanitation facilities and sanitation management services.
- Support local governments in the implementation of the National Community-based Total Sanitation Strategy (STBM) that includes the five pillars of diarrhea prevention,

i.e., stop open defecation, hand-washing with soap, household drinking water management and hygiene food preparation, household solid waste management, and house waste water management.

C. Create enabling environment supporting equitable water and sanitation services.

- Developing partnership with private business institution(s) support for improving water supply and sanitation services in urban settings through the participation of the private sector Corporate Social Responsibility (CSR) programs.
- Supporting advocacy efforts to expand political and local government budget (APBD) support from the local governments and legislative bodies for improving water supply and sanitation access in urban poor areas.
- Supporting multi-stakeholder action planning for improvement of water services based on minimum service standard.
- Establishing public information system or customer service/complaint center for local government water and sanitation services.
- Promoting creative micro-finance options for households that will allow them to make the necessary household investments in water supply (e.g., pay for connection fees to water utilities) and sanitation (e.g., pay for improved household level or shared small community sanitation facilities).

2.5 DEFINITION OF TERMS

The following definitions are provided to assist users in interpreting IUWASH guidelines and regulations with regard to the administration and management of the grants program.

IUWASH Project. The project is a five year activity funded by USAID under the following contract number AID-497-C-11-00001.

USAID/Indonesia. United States for International Development in Indonesia (hereinafter referred to as “USAID”) provides funds for the project and approves the form and substance of this manual governing the grants program. The USAID COTR will approve the identity of the proposed grantee, the amount of the proposed grant, and the nature of the grant activities for grants below \$50,000. The USAID CO will approve this Grants Manual and Implementation Plan. The USAID CO will also approve the identity of the proposed grantee, the amount of the proposed grant, and the nature of the grant activities for grants above \$50,000. USAID retains the right, at all times through the CO to 1) dictate a different decision with respect to the award or administration of any grant; 2) rectify an omission by the Contractor with respect to the award or administration of any grant; 3) take over the administration of any grant awarded hereunder; and/or 4) terminate, in whole or in part, the Contractor’s authorities.

Development Alternatives Inc. (DAI). The firm which holds the prime contract with USAID for the IUWASH project and the legal principal who will enter into a legally binding Agreement with Grantees.

Grant. Financial assistance that provides support or stimulation to accomplish a public purpose. A legal instrument that governs allocation of funds and defines roles and responsibilities of the parties to the Agreement (i.e., DAI and grantee). Depending on the grant instrument appropriate for a specific activity or grantee, the Contractor will select

between four types of grant instruments: fixed obligation grant, simplified grant, standard grant, and in-kind grant.

Applicant. A Non-governmental Organization (i.e., Association, Civil Society Organizations, Small and Medium Enterprises, Community-based Organizations, Faith-based Organizations, Universities or other Indigenous Organizations) that submits an application in response to an RFA, APS or unsolicited proposal.

Application. A written document in form and substance conforming to the requirements of the solicitation and this manual, which outlines in detail the activity(s) being proposed by an Applicant for funding under the grants program.

Grant Evaluation Committee. The mandate of the Grants Evaluation Committee (GEC) is to review and evaluate grant applications based on the selection criteria. The GEC then makes a determination as to whether the application should move forward to negotiation, USAID approval, and final award, or if the application is rejected as unsatisfactory according to established grant criteria. The GEC consists of three voting members which are the IUWASH Operations Manager, the COP or his/her designee and the relevant Technical Specialist. If any of the three voting members are absent, they may designate an alternate staff member to take their place. A Technical Specialist who provided direct and significant capacity-building guidance to a grantee in developing a concept paper or application, cannot serve on the grants evaluation committee. The COTR has a standing invitation to GEC meetings as a non-voting member. The COP, at his/her discretion, may invite other IUWASH project staff (i.e., Water and Sanitation and Finance Advisor, Behavior Change Advisor, Water and Sanitation Technical Advisor, Micro-Finance Specialist) to participate in the GEC meetings as an active GEC member or as resource person. Depending on their role they may be a voting or non-voting member (i.e., a resource person for a particular application may not be a voting member). The Grants Manager or his/her designee will serve as a non-voting member of the GEC and as the secretary of the committee. The Grants Manager will review the quantitative and qualitative information provided by GEC members to ensure evaluation criteria were adhered to and proper evaluation processes were followed, will conduct a pre-award responsibility determination and will prepare the grant negotiation memorandum for USAID approval. The COP will review and approve applications prior to submitting applicants for approval to USAID.

Agreement hereinafter referred to as the “Award,” and/or the “Grant Agreement”). A legal instrument that governs allocation of funds and awards under grants, and defines roles and responsibilities of the Grantee under the IUWASH grants program.

Grant Agreement Modification. Modifications to existing awards may include: administrative change, program description revision, time extension, and budget revision. Any modification to the grant must first be approved by USAID and the COP signs. Revision of the program description must be within the objective of the IUWASH project.

Amount of Grant: The total value of any individual grant to any organization will not exceed US\$100,000.

Grantee: An organization that has been awarded a grant by IUWASH.

Program Description. The document submitted as part of a potential grantee’s application. Program description includes the Applicant’s goals and objectives of the project as well as the proposed activities that will be implemented using IUWASH grants program funding. It therefore forms the primary source of information for evaluating the prospective

grantee's full application. Ultimately, if selected this document is included as part of the grant agreement.

Deliverables/milestones. Key programmatic targets that must be met to qualify for initial or subsequent disbursements of IUWASH funds.

Cost Sharing. Project costs financed with cash or in-kind contributions separate from IUWASH funding, either provided by the recipient or donated by other donors. Co-sharing may include contributions to the project from public international organizations, foreign governments, local and international institutions, private organizations and individuals.

Liability. The Contractor liability with respect to its awarding and administration of grants on behalf of USAID, and with respect to the acts or omissions of its grantees hereunder, particularly to the extent that losses to the USAID foreign assistance program arise from the Contractor's negligence or bad faith in performing its responsibilities.

Marking and Branding Plan. This is a required document that is included as part of the Grant Agreement in order to outline items funded through USAID's support which require the USAID logo.

Program income: All income earned by the grantee that is directly generated by an IUWASH-funded activity or directly earned as a result of the grant. Program income includes, but is not limited to, income from fees for services performed; the use or rental of real or personal property acquired under federally-funded projects; the sale of commodities or items fabricated under an award; license fees and royalties on patents and copyrights; and interest on loans made with award funds. Refer to the Required as Applicable Standard Provisions entitled "Program Income" for more information.

Suspension. An action by DAI that temporarily withdraws DAI and USAID support, in whole or in part, under an award, pending corrective action by the recipient or pending a decision to terminate the award

Termination. The cancellation of DAI and USAID sponsorship, in whole or in part, under an agreement at any time prior to the date of completion. The Contractor after consultation with USAID may terminate the grant activity in cases where the grantee repeatedly could not show satisfactory performance either technical or administrative performance during program implementation. USAID retains the right to terminate the grant activity (activities) unilaterally in extraordinary circumstances.

2.6 ROLES AND RESPONSIBILITIES

Chief of Party (COP). The IUWASH Chief of Party (COP) is the legal representative of DAI for the IUWASH project in Indonesia. The COP approves the grants fund strategy, terms of award competition, and provides the final project-level approval of each grant after the GEC has made a recommendation. Upon approval from USAID, the COP signs awards/the grant agreement. The COP will also ensure compliance with the approved grants following all relevant USAID regulations.

Contracting Officer's Technical Representative (COTR): The USAID/Indonesia official responsible for administration and technical oversight of the IUWASH program. The COTR provides approval of all grants of a value up to \$50,000 before the agreement is executed. The COTR also has an open invitation to sit on the Grants Evaluation Committee

as a non-voting member or to designate an Activity Manager to serve on his/her behalf. The COTR maintains a substantial involvement in the award process.

Contracting Officer (CO). An official of USAID/Indonesia that maintains substantial involvement in the grant process by formally approving this Manual for use in the award and administration of grants under the IUWASH contract. The CO provides approval of all grants with value above \$50,000.

Grants Manager: The Grants Manager is the person responsible for day-to-day implementation of the IUWASH Grants Fund from concept to award to close-out. He/She operates under the direct supervision of the Chief of Party and oversees the preparation and implementation of all grant activities. He/She is responsible for development of objectives of the grants program, specific objectives of award competition, evaluation criteria and grants administration mechanisms. The Grants Manager convenes a selection committee for each solicitation, participates in grant committee evaluation meetings as non-voting member and with the Financial Officer, conducts the pre-award responsibility determination. He/She also reviews technical applications for responsiveness, evaluates the cost application for cost reasonableness, allocability, and allowability, drafts grant documents, manages and monitors the grants implementation, ensures that high risk grantees are provided with appropriate training to improve their financial and management capability, provides post-award briefing to newly awarded grantees, administers grants financially and administratively, maintains grant files, and ensures compliance with all USAID regulations. The Grants Manager uses the Grants Manual and Implementation Plan for all grant procedures and oversees the administration of funds.

Grants Management Task Force. The Grants Management Task Force is led by the Grants Manager and is composed of the Finance Officer, the Operations Manager and M&E Advisor, who provide ongoing support to the grants program. The Grants Management Task Force at the each region is led by the Grants Assistant, Regional Accountant and the Regional Office Manager. However, the Grants Management Task Force in the region will be supervised by the Regional Coordinator.

Operations Manager. The IUWASH Operations Manager provides general oversight to the grants program as part of his/her general portfolio and responsibilities.

Finance Officer. Upon grant award, the Finance Officer will be responsible for issuing advances and tranche payments once approved by the Grants Manager and the relevant Technical Specialist. The Finance Officer will be working closely with the Grants Manager with regard to the pre-award responsibility of applicants. The Finance Officer is responsible for determining the responsibility of grantees.

Grants Assistant. The Grants Assistant will oversee the development of the technical aspects of grant solicitations, advise the grants staff as needed and make recommendations to the Grants Manager, COP, and GEC as required. The Grants Assistant at the regional level is responsible for providing technical support to the applicant and grantee and technical management of the grant from the time of application to approval, monitoring grantee performance, approving deliverables/reports, recommending payments, preparing requests and justifications for grant modifications, certifying grant completion, and recommending closeout. This individual or his/her designee will be a non-voting member of the GEC.

2.7 STANDARD OF CONDUCT

IUWASH project, its employee and partners shall maintain high standard of ethical conduct in any implementation process, in the selection award, implementation, and oversight of IUWASH project activities. IUWASH project employees must adhere to U.S. Federal Law and regulations, USAID rules and regulations, and DAI corporate policies and procedures. If any IUWASH employee or partner becomes aware of any allegations of unethical or prohibited acts stated below, the individual is obligated to immediately inform, verbally or in writing the COP of such alleged conduct. Investigation may be done and appropriate actions will be taken to remedy, correct, mitigate, or otherwise resolve the unethical conduct or prohibited acts.

The following are actions or allegations of unethical conduct or prohibited acts that cannot be done by any employee of IUWASH Project and IUWASH partners.

- **Bribery and Kickbacks** : An employee soliciting for money, favors, or anything of value by or on behalf of a prospective partner to influence or reward an official decision or an employee or IUWASH project partner is providing, offering any money, fee, commission, credit, gift of any value, object of value to obtain favorable treatment.
- **Solicitation of Favors** : IUWASH project employee may not solicit gifts, meals, entertainment, personal discount, travel and transportation, lodging, goods, cash or other favors from partners, suppliers, grantees, vendors or other business acquaintances.
- **Conflict of Interest** : A conflict of interest is any interest, financial or otherwise, direct or indirect; participation in any business, transaction or professional activity; or incurring of any obligation of any nature, which is or appears to be in substantial conflict with the proper discharge of duties in relation to a DAI-funded project. Conflict of interest includes, but is not limited to:
 1. An occasion when an individual's private interest differs from his or her professional obligations
 2. A situation in which professional actions or decisions occur that an independent observer might reasonably question
 3. Nepotism, i.e., favoritism shown to a relative on the basis of an immediate family relationship (Note: immediate family can be defined as parents, children, siblings, grandparents, same categories of in-laws, foster and step children, and anyone living in the same household as a family)

In the review and implementation of grants, DAI reserves the right to investigate an application or a grant due to any real or perceived conflict of interest. In the event that DAI determines that conflict of interest exists, DAI may disqualify an application or terminate a grant.

In performing its duties, the Contractor shall scrupulously avoid any conflicts of interest. Should any conflict of interest arise, the Contractor shall immediately notify the Contracting Officer as to the conflict and the Contractor's proposed solution for avoiding the conflict, and the Contractor shall follow the instructions of the Contracting Officer.

3. TYPES OF GRANTS

The Contractor will consider four different grant mechanisms during the implementation of IUWASH grants program and they are Standard Grants, Simplified Grants, Fixed Obligation Grants, and In-Kind Grants. The solicitation (i.e., RFA/APS) will specify the type of grant mechanism to use.

3.1 STANDARD GRANTS

The Standard Grant Format may be used for any grantee provided that they have the financial and management capacity to receive grant fund. The primary advantage of the Standard Grant is decreased administrative burden in that the method of cash disbursement is more flexible. The disadvantage is that the Standard Grant can only be issued to more developed organizations that possess documented management capacity. Additionally, the grant document is itself more complicated than other formats in that Mandatory Standard Provisions for Non-U.S. Non-Governmental Organizations or U.S. Non-Governmental Organizations is required and attached to the grant document.

The standard grant format is as follow:

- a. Award Letter
- b. Description of Award
- c. Program Description
- d. Program Budget
- e. Reporting Requirement
- f. Method of Payment
- g. Branding Strategy and Marking Plan
- h. Mandatory Standard Provisions for Non-U.S. Non-Governmental Grantees or Mandatory Standard Provisions for U.S. Non-Governmental Grantees
- i. Required as Applicable Standard Provisions for Non-U.S. Non-Governmental Grantees or Required as Applicable Standard Provisions for U.S. Non-Governmental Grantees
- j. Sample Grants Payment Application Form
- k. Reporting on Payment of Foreign Taxes
- l. Sample Cash Advance Form (if applicable)

METHOD OF PAYMENT

Cost reimbursement payment method is preferred. However, if the applicant/grantee is unable to implement the project due to financial difficulty, advance method of payment may be authorized.

In order to minimize risk, the disbursement of advance under Standard Grants will be on an incremental basis as opposed to a lump sum payment up front. Grantees will submit a quarterly budget based upon upcoming deliverables for approval by the Contractor. If the anticipated or projected expenses are found to be reasonable, allowable and allocable and consistent with the approved budget, the Contractor will disburse funds, which will then be included on the Contractor's invoice to USAID for that period. At the close of the quarter, the Contractor will verify that the funds were used appropriately via the submission of a

voucher and/or a deliverable by the grantee. The next disbursement will not be released until the grantee has provided adequate evidence that the existing funds were expended in their entirety in a satisfactory manner. Additionally, ten percent of the total grant amount will always be withheld until all aspects of the scope of work have been completed to the satisfaction of the Contractor.

3.2 SIMPLIFIED GRANTS

The Simplified Grant mechanism is advantageous in that it offers a more streamlined approach to the issuance of small grants under USAID contracts. The Simplified Grant can be used for both US and non-US organizations. For simplified grants, all disbursements are made on a reimbursement basis only, so grantees must possess adequate capital up front to begin incurring expenses without a cash transfer from the Contractor. As such, the Simplified Grant format is used when an organization possesses sufficient cash flow but lacks the capacity to manage direct cash disbursements.

The simplified grant format is as follows:

- a. Award Letter
- b. Program Description
- c. Program Budget
- d. Reporting Requirements
- e. Method of Payment
- f. Branding Strategy and Marking Plan
- g. Sample Grant Payment Application Form
- h. Reporting on Payment of Foreign Taxes
- i. A provision that requires the grantee to allow DAI/USAID access to its records for up to three years after the end of the grant, and the grantee will refund the DAI/USAID for any fund it receive for costs that did not meet terms and conditions of the grant.

METHOD OF PAYMENT

All disbursements under Simplified Grants will be made on a cost reimbursement basis (i.e., actual incurred expenses). The grantee will submit a listing of costs incurred (in the form of an invoice) and the Contractor will review the costs for allowability and transfer an amount of money equal to the expenses that it finds reasonable and allowable. Only expenses already identified in the grant itself will be considered allowable. The frequency of billing will be based upon the terms set forth in the grant. The Contractor will invoice USAID only after costs are approved and the respective disbursement to the grantee has occurred.

Advance payment may be authorized only for those applicants/grantees having low cash flow.

3.3 FIXED OBLIGATION GRANTS

The Fixed Obligation Grant (FOG) allows for the award of a grant for very specific program elements without the requirement of Contractor monitoring the actual costs subsequently incurred, as all costs are covered on a benchmarked reimbursement basis. The FOG is appropriate for supporting specific project when the Grants Manager is confident that a reasonable estimate of the actual cost of the overall effort can be established and the Contractor can define accomplishment of the purpose of the grant through defined

milestones. It is essential that the Grants Manager have sufficient cost information to allow for negotiation of a reasonable estimate of the actual cost of the overall effort, so that the USAID IUWASH does not pay more than the reasonable value for the completion of the grant.

Required Provision for a Fixed Obligation Grant

1. DAI has the right to terminate the grant in whole or in part or suspend payments should the grantee become insolvent during performance of the award, the grantee has materially failed to comply with the terms and conditions of the grant, or continuation of the grant would not be in the national interest of the United States ;
2. The grantee agrees to maintain records of transactions related to the FOG agreement for at least three years. After the end of the agreement, DAI retains the right, at its discretion, to examine all or a sample of the grantee's records or transactions related to a FOG where concerns of implementation irregularities arise ; and
3. On submission of the voucher for payment for the final milestone, the grantee must certify that the grant is completed and the grantee will make no further claim against the grant.

The FOG must not include infrastructure or construction projects.

The Fixed Obligation Format is as follows:

- a. Award Letter
- b. Program Description
- c. Programmatic accomplishment , benchmark and cost
- d. Reporting Requirements
- e. Method of Payment
- f. Branding Strategy and Marking Plan
- g. Required Provision for FOG ADS 303.3.25.b
- h. Sample Grant Payment Application Form

METHOD OF PAYMENT

All disbursements under Fixed Obligation Grants will be made upon the submission of evidence that a benchmark has been achieved. Such evidence may come in many forms, including a work-plan, a technical report, a financial report, meeting notes, the arrangement of specified logistics, the finalization of a list of training participants, the completion of a phase of an infrastructure project, etc. The following is an example of how a disbursement schedule might be structured under a Fixed Obligation Grant:

Example	: Community Awareness Campaign
Activity Goal	: Building community awareness of proper ways to dispose of solid waste
Budget	: \$7,500 USD

Benchmark	Description	Disbursement
1	Work-plan drafted and approved	\$2,500
2	Packet of solid-waste awareness materials created for distribution to each household	\$1,500
3	Information packets printed and distributed	\$1,500
4	Community Round-tables held to discuss information and answer questions (four)	\$2,000 (\$500 per event)
	Total	\$7,500

Because payments under FOGs are based on the achievement of milestones, the structure of the payments is very important. IUWASH project pays the grantee a set amount when it accomplished a milestone.

3.4 IN-KIND GRANTS

Under the In-Kind grant format, goods and services are procured directly by the Contractor in close correspondence with the grantee. Once purchased, goods and services are delivered immediately to the grantee or to the grant activity. All procurement undertaken on the grantees' behalf by the Contractor will be done in compliance with USAID's procurement regulations.

An example for in-kind grant is the purchase of construction materials such as cement, sand, PVC pipes, fiber glass water tanks, build-up septic tanks etc where the Contractor is purchasing them on behalf of the grantee. All items purchased will be delivered to site(s) by the Contractor.

An important aspect of implementing In-Kind Grants is ensuring that all program property is properly used once the grant is complete. Once procured, the grantee is required to use and conserve the property for the purposes specified in the project awarded with the grant, according to the Standard Provisions: "Title to and Use of Property (Recipient Title: \$50,000 and under)" and "Title to and Use of Property" (Recipient Title: Over \$50,000).

The provisions are found in ADS 303, Internal Mandatory References, Standard Provisions for Non-U.S. Nongovernmental Recipients under Required as Applicable Standard Provisions (<http://www.usaid.gov/policy/ads/300/303mab.pdf>).

The Grantee will provide DAI with a complete list of all non-expendable property, its location and condition included in the final project report prior to grants project close-out.

The In-Kind Grant format is as follows:

- a. Award letter
- b. Program Description
- c. Program Budget
- d. Reporting Requirements
- e. Method of Payment
- f. Branding and Marking Plan
- g. Standard Mandatory Provisions and Applicable Provisions on Title to and Use of Property

METHOD OF PAYMENT

No disbursements are made directly to the grantee under an In-Kind Grant. Rather, the Contractor procures all necessary commodities and services on behalf of the grantee. This does not mean, however, that the grantee is not an active partner in deciding how the funds are to be utilized. While the Contractor will ensure the integrity of any procurement and make the final payment itself, the grantee can provide input as to what is needed and gather quotes from possible service-providers or vendors.

4. GRANT ELIGIBILITY REQUIREMENTS

4.1 MINIMUM ELIGIBILITY CRITERIA

The minimum eligibility criteria for grant applications are as follow:

- Organizations eligible for funding include:
 - Indigenous organization
 - National and International non-government organizations
 - Universities
 - Community organization
 - Small and medium enterprises
 - Faith-based organization, and
 - Other civil society partners.
- Applicant is not a debarred organization;
- Proposed activity does not exceed \$100,000 USD in cost;
- Proposed activity must meet at least one or a combination of the IUWASH objectives. It must also be consistent with the Millennium Development Goal strategies for Indonesia and the Senator Paul Simon Water for the Poor Act that placed particular emphasis on the increased sustainable access to safe drinking water supply and sanitation services, improvement of the services quality, and hygiene promotion;
- Proposed activity must be located in the USAID IUWASH regions or special urban cities subject to prior written approval of the COTR; Proposed activity may also be located outside the IUWASH regions provided that it will contribute to the higher results and respective targets of the project and the grantee has the technical expertise and financial capability to manage the program with minimum supervision of the Contractor subject to the prior approval of the COTR.
- Proposed activity must contain expected outcomes and results consistent with and linked to IUWASH results framework specifically in the Performance Monitoring Plan (PMP);
- Proposed activity must provide **cost-sharing/matching- grants of at least 10%** of total value of the grant activity either in cash or in-kind contribution or a combination of cash and in-kind contribution. Co-funding by other partners may also be counted as cost-sharing.

4.2 INELIGIBLE ORGANIZATION

Without the prior written consent of the USAID Contracting Officer, the Contractor may not award a grant to:

- Any U.S. entity which is a “private voluntary organization” (PVO) but has not registered as such with USAID;
- Any entity whose name appears on the “List of Parties Excluded from Federal Procurement and Non-Procurement Programs”;
- Any “public international organization” (PIO);
- Any foreign government;
- Any governmental agency (e.g., Pemerintah Daerah);
- Any entity affiliated with the Contractor or any of its directors, officers, or employees;
- Any political party organization;

- Any government sponsored cooperatives; and
- Individuals.

4.3 HIGH RISK GRANTEES

If the GEC team evaluates the financial management capabilities of a grantee and determines that they are limited or deficient, they will classify them as high-risk organizations per ADS 303.3.9.2. The Grants Manager will report the findings to the IUWASH COP with recommendation to not make an award or make a special award with the following conditions: 1) additional financial reporting detail or frequency; and 2) providing technical assistance and/or training to the grantee. This option may be used only for such a period of time until the potential recipient can correct any institutional deficiencies, but not for the life of the award.

4.4 INELIGIBLE ACTIVITIES AND UNALLOWABLE COST

Grant funds cannot be utilized for the following:

- Private ceremonies, parties, celebrations, or "representation" expenses.
- Purchases of restricted goods, such as agricultural commodities, motor vehicles, pharmaceuticals, pesticides, timber extraction or processing equipment, used equipment, and fertilizers. If procurement of these restricted goods is necessary, DAI will request approval from the Contracting Officer and will procure items directly and donate in kind to the grantee.
- Prohibited goods under USAID regulations, including but not limited to: police or law enforcement equipment, abortion equipment and services, weather modification equipment, luxury goods, and gambling equipment.
- Purchases of goods or services restricted or prohibited under the prevailing USAID source/origin/ nationality and other regulations; or from countries or suppliers as may be identified by USAID's consolidated list of debarred, suspended, or ineligible subcontractors at <http://www.epls.gov/>.
- Any purchases or activities deemed unnecessary to accomplish grant purposes as determined by DAI, including any grantee headquarters expenses that are not directly linked to the implementation of the proposed project.
- Previous obligations and/or bad debts.
- Fines and/or penalties.
- Creation of endowments.
- Other costs unallowable under USAID and/or federal regulations, such as alcoholic beverages. Refer to OMB 122 "Cost principles of for Non-profit organizations" and FAR 31.2 "Cost principles for Commercial Organizations"

4.5 REQUIRED CERTIFICATIONS

The grant recipient prior to receiving the grant award must sign the following certifications:

1. Certification regarding Terrorist Financing;
2. Certification regarding Lobbying
3. Certification regarding Drug-Free Work Place Requirements
4. Certification regarding Debarment, Suspension and other Responsibility Matters

5. GRANT AWARD PROCESS

The Contractor requires all grants to be awarded competitively unless one of the exceptions outlined below is met. The competition requirement is met when an announcement has been published according to the procedures outlined in this Manual. Direct solicitation of potential grantees will be permitted as explained in Section 5.2.3. Recommendations for awards are made following an impartial review and evaluation of all applications in accordance with the evaluation criteria prescribed in the Request for Application (RFA).

The Contractor will ensure maximum competition by seeking applications from interested, eligible and qualified entities. Competition may also be limited to local or regional organizations for appropriate projects.

5.1 EXCEPTIONS TO COMPETITION

Competition is not required for the following categories of assistance awards, pending USAID authorization:

- **Amendments and follow-ons.** Amendments to existing awards or follow-on awards, either for the same activity or to further develop an existing assistance relationship for amounts equal to or less than the original grant.
- **Unsolicited applications.** The application must be submitted solely on the applicant's initiative without any prior formal or informal solicitation. Awards may be made where the application clearly demonstrates a unique, innovative, or proprietary capability; represents appropriate use of project funds to support or stimulate a public purpose; and fits within the USAID IUWASH Project objectives as determined by the Grants Manager along with the COP. The burden of proof that the application is indeed "unsolicited" (i.e., is submitted without prior formal or informal solicitation) rests with the Contractor and must be documented.
- **Exclusive or Predominant Capability.** Assistance awards for which one recipient is considered to have exclusive or predominant capability based on proprietary capability, specialized facilities, or technical expertise, or based on an existing unique relationship with the cooperating country or beneficiaries.
- **Critical Objectives of the Program.** When circumstances are determined to be critical to the objectives of USAID IUWASH Project, or when the non-provision of a specific grant would impede the achievement of USAID IUWASH Project results and/or the fulfillment of U.S. foreign assistance objectives.

In accordance with ADS 303.3.6.5, noncompetitive awards must be justified in writing and approved by the COP. Non competitive award must be explained in the memo of negotiation, which will be included as part of the package for approval of award by the COTR/CO.

5.2 OVERVIEW OF THE AWARD PROCESS

The Contractor shall strongly encourage competition in the award of grants in order to identify and support the best possible activities to achieve program objectives. Competition will be solicited through Requests for Application (RFAs) and Annual Program Statements (APSs). RFAs will support a specific type of activity and must be published at least 20 days before the applications are due. APSs will be used to ensure a steady stream of innovative activities based on rolling assessments of priority interventions. IUWASH will generally have a minimum of one yearly APS with broad parameters on one or more topic area(s) that furthers the goals of the project.

The Grants Manager will work in close collaboration with technical staff to determine the most appropriate way to solicit applications. This will depend on the following factors: nature and overall objective of the activity; required turnaround time; and whether or not it is reasonable to expect several applications.

After the type and methodology for solicitation have been established, the Technical Specialist or his/her designee and the Grants Manager will draft the RFA or APS, based on an established template. The Grants Manager will lead the process. The Grants Manager will also work closely with the technical staff during the solicitation, review, approval, and execution of approved grants.

5.2.1 TYPES OF APPLICATIONS

Applications for grants will generally fall into 1 of 3 categories:

- a. *Applications solicited through public notification.* The Contractor anticipates issuing **full and open competition** for awards that are more general in scope and larger in magnitude.
- b. *Applications **solicited directly** from a pre-selected NGO or group of NGOs or group of IUWASH partners.* The Contractor anticipates utilizing sole-source and limited competition for activities with specific scopes of work within a defined geographic area. In the event limited competition is exercised the Contractor will document the basis for soliciting directly to the selected organizations and explain why full and open competition is not the most effective procedure for soliciting proposals.
- c. *Unsolicited applications.* It is expected that, from time to time, organizations familiar with the IUWASH Project may submit **unsolicited proposal**. Such submissions will be evaluated on a case by case basis.

5.2.2 FULL AND OPEN COMPETITION

The Contractor anticipates issuing full and open competition for awards that are more general in scope. Illustrative characteristics of activities that would likely be procured through full and open competition include the following:

- The scope of work is highly generalized, meaning that a broad range of activities will be considered as long as the objectives of the activity support one or more of the objectives of the USAID IUWASH Project.
- The anticipated activity is national or regional in scope.
- The Contractor anticipates that there is significant number of organizations that could potentially undertake the activity successfully.

FULL AND OPEN COMPETITION PROCESS

The Contractor will publish RFAs for organizations to provide assistance for grant activities to support IUWASH objectives. Specific evaluation criteria and a methodology will be established as part of the request for applications. The following procedures will be followed:

- a. **Development of Program Description** – In consultation with USAID and Project counterparts, the IUWASH team will seek to develop a program description that broadly supports the objectives of the IUWASH Project.
- b. **RFA Preparation** – The RFA document will be prepared by the Contractor in coordination with the DAI Home Office in Bethesda, Maryland, USA.
- c. **USAID Approval** – Before advertising the RFA, the Contractor will request the approval of the USAID Contracting Officer Technical Representative (COTR) and the Contracting Officer (CO)
- d. **Public Notice** – A notice will normally be made in at least three Indonesian newspapers with widespread distribution or on IUWASH project public boards and in the internet website in order that U.S. Non-Government Organizations and International Organizations may aware of this RFA.
- e. **RFA Distribution** – The RFA will be distributed to all organizations requesting the RFA. Proposals will be due at least 20 days from issuance date, unless otherwise stipulated in the RFA.
- f. **Applicants Conference** – When multiple awards are anticipated, the Contractor may opt to hold a conference with applicants regarding the solicitation. Information on the applicant conference (that is date, time, and location) will be provided in the RFA.
- g. **Clarifications** – The Grants Manager will provide in writing answers to written questions/clarifications from applicants regarding the solicitation. It is expected that the time frame for this stage will be less than one week.
- h. **Proposal Development** – Applicants will develop their proposal according to the required format.
- i. **Grants Evaluation Committee** – Once the submission period has closed, a Grants Evaluation Committee will be convened to evaluate the proposals. The Committee will evaluate proposals based on the criteria prescribed in the RFA and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other disposition. An evaluation scoring sheet will be prepared by each of the GEC member with strengths and weaknesses identified for each evaluation criteria. In the GEC memo, the Chair Person will summarize the scorings as well as the strengths and weaknesses and recommendation.
- j. **Negotiation** – Once initial selection of the grantees is made, the Grants Committee may engage in additional negotiations with the prospective grantee to resolve any outstanding concerns regarding the proposal. Site visits and interviews of management personnel are optional for the Grants Committee.

- k. **Pre-Award Responsibility Determination** – As outlined in Section 6.5, the Contractor will undertake a Pre-Award Responsibility Determination to ascertain the level of management and financial capacity of the applicant. The level of scrutiny will be determined by the format of the grant under consideration.
- l. **Award** – Subject to COTR (for grants up to U.S.\$50,000) and CO (for grants of U.S.\$ 50,000 - \$. 100,000) approval, in accordance with the IUWASH Contract, the Contractor may process the grant agreement. Those proposals not receiving an award will be notified in writing and provided with an explanation as to why the applications were not considered for funding.

5.2.3 DIRECT SOLICITATIONS

The Contractor also anticipates engaging in direct solicitation where appropriate. Direct solicitations may be to one organization (with the end objective of a sole-source award) or to several organizations (resulting in a limited competition if only one award is envisioned). Illustrative characteristics of activities awarded via direct solicitation include the following:

- The program description is for a specific technical area;
- The activity will take place within a strictly defined geographic area;
- The Contractor anticipates a single award if one applicant is considered to have exclusive or predominant capability to implement the proposed program.

Justification for non competition action must be documented and approved by the COP.

DIRECT SOLICITATION PROCESS

The direct solicitation will follow the process outlined below.

- a. **Activity Identification** – Identify a specific activity that supports project technical assistance, training, and/or any other activity that can be assisted by grant funding under the terms provided in this manual.
- b. **Development of Program Description** – In consultation with USAID and Project counterparts, the Contractor will develop a Program Description. In general, Program Description for direct solicitations will be developed in direct response to a perceived need and will consist of a specific activity within a defined geographic area.
- c. **Pre-Identification of Applicants** – The IUWASH team will pre-identify capable candidates for receipt of the direct solicitation and will document why direct solicitation was selected and how the pre-identified applicants were selected.
- d. **USAID Approval**– The Contractor will submit the Program Description and the name(s) of the proposed organization(s) for USAID COTR for approval before formally contacting the organization(s). Included in the request for approval will be a justification for the limited competition based upon the above stated conditions.
- e. **Direct Solicitation** – The Contractor will provide the solicitation to the organization(s) and provide general guidance in the preparation of a proposal.
- f. **Grants Evaluation Committee** – Once the submission period has closed, Grant Evaluation Committee will be convened to evaluate the application(s) based on the evaluation criteria. The Committee will prepare a written record of the results.

The record will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other disposition.

- g. **Negotiation** – Once initial selection of the grantees is made, the Grants Manager may engage in negotiations with the prospective grantee to resolve any outstanding concerns regarding the application. Site visits and interviews of management personnel are optional for the Grants Committee.
- h. **Pre-Award Responsibility Determination** – As outlined in Section 6.5, the Contractor will undertake a Pre-Award Responsibility Determination to ascertain the level of management and financial capacity of the applicant. The level of scrutiny will be determined by the format of the grant under consideration.
- i. **Award** – Subject to USAID approval, the COP will proceed with the signing and commencement of the award.

5.2.4 UNSOLICITED APPLICATIONS

Unsolicited applications for grants to do activities that support the broad objectives of IUWASH will be reviewed on an ongoing basis.

Applications must be submitted solely on the applicant’s initiative without prior formal or informal solicitation to qualify. Awards may be made based on an unsolicited application where the application clearly demonstrates a unique, innovative, or proprietary capability, represents appropriate use of USAID IUWASH grant funds to support the IUWASH objectives, fits within USAID IUWASH Work Plan for a specific period, and the applicant is determined as a responsible organization.

The burden of proof that the application is indeed “unsolicited” (i.e. without prior formal or informal solicitation) rests with the Contractor and must be documented.

UNSOLICITED APPLICATION PROCESS

The GEC will proceed to screen application(s) and recommend approval in accordance with the following procedure:

- a. **Application Screening** – The Grants Manager will screen applications/proposals based on the minimum eligibility requirements as stated in Section 4.1 and forward eligible grant applications to the Grants Evaluation Committee.
- b. **Grants Evaluation Committee** – The Grant Evaluation Committee will evaluate applications based on the proposed program description and cost that may support the IUWASH project to achieve the expected results, the evaluation criteria in Section 6.1, and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other disposition.
- c. **Pre-Award Responsibility Determination**
Following receipt of the GEC recommendation, a pre-award survey and responsibility determination will be conducted by the Finance Officer and Grants Manager prior to award.

d. Negotiation

Once initial selection of the grantee is made, the Grants Manager may engage in negotiations with the prospective grantee to resolve any outstanding concerns regarding the application. Site visits and interviews of management personnel are optional for the Grants Evaluation Committee.

Award – Subject to COTR (for grants up to U.S.\$50,000) and CO (for grants of U.S.\$ 50,001 - \$. 100,000) approval, in accordance with the IUWASH Contract, the Contractor may negotiate and process the grant agreement.

All grants will require an application and will undergo a review and approval process. While review procedures may vary somewhat, commonalities exist across all three categories of grant applications. These commonalities are discussed in turn below.

5.2.5 FORMAT OF REQUEST FOR APPLICATION (RFA)

The Request for Application (RFA) represents the formal beginning of the award process for all solicited applications.

RFAs shall contain (ADS 303.3.5.2):

1. 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 which the applicant is expected to meet. The level of detail in the program description will depend on the requirements of the strategic objective and expected results.
2. How the award will be administered. For non-U.S. organizations, the RFA must state the applicable Standard Provisions for Non-U.S. Nongovernmental Recipients. For U.S. organizations, the RFA must state that 22 CFR 226, OMB Circulars, and the Standard Provisions for U.S. Nongovernmental Recipients will be applicable.

For non-U.S. organizations, these regulations will include:

- Mandatory Standard Provisions for Non-U.S., Nongovernmental Recipients and Required as Applicable Standard Provisions for Non-U.S., Nongovernmental Recipients, <http://www.usaid.gov/policy/ads/300/303mab.pdf>
- ADS 303, <http://www.usaid.gov/policy/ads/300/303.pdf>;
- OMB Circular 122 “Cost Principles for Non-Profit Organizations,” <http://www.whitehouse.gov/omb/circulars/a122/a122.html>;

For U.S. Non- Governmental Organizations these regulations will include:

- Mandatory Standard Provisions for U.S., Nongovernmental Recipients and Required as Necessary Applicable Standard Provisions for U.S., Nongovernmental Recipients, <http://www.usaid.gov/policy/ads/300/303maa.pdf>;
- ADS 303, <http://www.usaid.gov/policy/ads/300/303.pdf>;
- OMB Circular 122 “Cost Principles for Non-Profit Organizations,” <http://www.whitehouse.gov/omb/circulars/a122/a122.html>;
- 22 CFR Part 226 <http://www.usaid.gov/policy/ads/cfr.html#22>;
- Section 579 Reporting on Foreign Taxes, <http://www.usaid.gov/policy/ads/300/updates/iu3-0314.pdf>.

3. An estimate of funds available for the RFA and number of awards anticipated, including a statement to the effect that USAID IUWASH reserves the right to fund any or none of the applications submitted.

4. Expected duration of USAID IUWASH support or the period of performance.
5. Minimum eligibility requirements.
6. Qualification requirements, i.e., clear identification of types of entities that may apply.
7. 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.
8. Required certifications.
9. Required format for the application.
10. Deadline for submission of application, how it is determined that the application is received in time, and the consequences of late submission.
11. The selection criteria used to evaluate applications, including an indication of their relative importance.
12. The required cost-sharing element and, if used as part of the review process (i.e., more than just an eligibility factor) an explanation of how evaluated (should be a sub-element of cost effectiveness). The cost sharing is at least 10% of total cost.
13. Description of the review and selection process.
14. Requirements regarding reporting to include Workplan, Monitoring and Evaluation of the grant targeted results.
15. Information regarding points of contact for questions. Questions and answers with regard of the solicitation will be entertained for a period of 4 working days.
16. Requirement for Applicant to confirm interest in applying for Grant.
17. Instructions on preparing technical and cost proposals
18. Any other relevant information.

5.2.6 ISSUANCE OF THE REQUEST FOR APPLICATIONS

The Request for Application (RFA) may be published in local newspaper or on the USAID IUWASH Project website or well announce on public boards exhibit at USAID IUWASH project office(s). In the case of pre-identified NGOs or pre-identified USAID IUWASH partners, RFA announcement could be sent through emails. The announcement will indicate how to obtain the RFA document and the closing date of the collection of the RFA document. The announcement and/or the RFA will also indicate the date of the pre-application meeting.

5.2.7 ISSUANCE OF THE ANNUAL PROGRAM STATEMENT (ADS 303.3.5.4)

An annual program statement (APS) will be used to generate competition for new grants where IUWASH intends to support a variety of creative approaches by applicants to develop their own ideas and methodologies in assessing and/or implementing activities that support IUWASH project objectives. Normally, an APS can be issued with an open-ended response, specific review periods, or a specific closing date, reserving the right to close it if all funds have been obligated. Grant applicants will submit a concept summary form in response to an APS.

An APS may include the following information:

- Program eligibility requirements
- Activity objectives including any areas of special interest, illustrative expected results, and indicators or performance.
- Brief statement of how applications will be evaluated, including weighted

selection criteria.

- Estimate of funds available and, if appropriate, the number of grants to be awarded (not always applicable)
- Required cost sharing element
- That the award will be administered according to the relevant Standard Provisions
- Point of contact at DAI Office in Jakarta (name, title, address and phone number)
- Statement that IUWASH and USAID reserve the right to fund any or none of the applications submitted
- Any other relevant information

5.2.8 PRE-APPLICATION MEETING

Prior to submission of application, the Contractor may convene a pre-application meeting with all registered applicants to explain in more detail the RFA. The schedule of the grant award process will be discussed in that meeting.

5.2.9 FORMAT OF GRANT APPLICATIONS

The format of grant applications will include the following common elements:

- a. Cover Letter
- b. Application Document
 - Summary and Background
 - Project Description
 - Statement of Goals, Objectives, Activities, and Results
 - Beneficiaries
 - Technical Approach
 - Project management, Workplan and Timeline
 - Project Indicators and Monitoring and Evaluation Plan
 - Gender Analysis
 - Institutional Capacity
 - Past Performance
 - List of Team Members, including Scopes of Work and CVs of proposed personnel
 - Proposed Grant Budget and Budget Notes
 - Statement of Cost Sharing of at least 10% of total project cost (including applicant's contribution in cash or in kind and other co-funding).
 - Other attachments; could include registration documents, organization chart, etc.

All information received from applicants shall be considered proprietary and held in strict confidence by those individuals who review the application in order to protect the integrity and privacy rights of the grant applicant.

5.2.10 USAID APPROVAL

The Contractor Officer Technical Representative (COTR) will approve award up to U.S.\$50,000. Awards with a value above U.S.\$50,000 to U.S.\$100,000 must be approved by the Contracting Officer. The Contractor will not proceed with the signing of the grant until the approval of USAID has been obtained in writing. The Contractor will submit to USAID a recommendation memo summarizing the procurement process, identifying the potential recipient(s), cost reasonableness and the program description of the selected applicant.

6. GRANT EVALUATION COMMITTEE AND SELECTION

6.1 GRANTS EVALUATION COMMITTEE

All applications will be reviewed by a Grants Evaluation Committee (GEC) in accordance with the evaluation criteria specified in the RFA. The Grants Manager or his/her designee will screen grant applications and only forward to the GEC for review of applications which meet the minimum eligibility requirements of this solicitation.

The Contractor may have a GEC at the project region and/or at the national level. The GEC at the regional level may consist of at least three IUWASH Project technical staff and if possible a USAID representative. The national GEC will consist of at least three USAID IUWASH Project representatives and a USAID Representative. All members of the GEC are voting members except for the USAID representative(s). All participants will score each application individually strictly in accordance with the evaluation criteria prescribed in the RFA. In the event the Committee reviews an unsolicited proposal, the evaluation criteria will be at least similar to the evaluation criteria mentioned in Section 6.2.

After the individual scoring is completed, the GEC will meet to discuss and justify their scores and will have the opportunity to amend their scores based on discussions with other members of the committee. The Grants Manager would be responsible for taking notes and aggregating final scores of each member. The grant(s) will be awarded to the organization(s) that provides best value to the IUWASH project, both technical and cost considered.

The GEC will have administrative, technical, and financial review responsibilities. Members are technical and administrative staff of USAID IUWASH Project and USAID and can be expected to make sound judgments of the technical aspects and feasibility of the proposed projects.

It will be the role of the Grants Manager to provide the Technical Evaluation Committee the RFA and any annexes thereof, all the needed background information and written instructions to the individuals on the GEC.

The Grants Manager will take steps to ensure that members of the GEC—as well as any other USAID IUWASH staff involved in the review/approval—do not have any conflicts of interest or the appearance of such with regard to the organizations whose applications are under review.

“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 friends or relatives, 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 which submitted an application currently under the Committee’s review”.

In case of potential conflict of interest, the committee member must recuse him/herself from the review process. Members of the evaluation committee shall neither solicit nor accept gratuities, favors, or anything of monetary value from parties to sub-Grants.

The Grants Task Force in the regional or national level consists mainly of persons who will be involved in the management of the grants program, but not limited to: a) the Grants Manager; b) the Grants and Procurement Assistant; c) the USAID IUWASH Finance Officer/Accountant at national and regional level; and d) Technical Officer(s).

6.2 EVALUATION CRITERIA

Grant applications that meet minimum eligibility criteria will be reviewed based on the following general selection criteria. If the Contractor anticipates the selection criteria categories or weighting to change, it must be through an amendment to the RFA which will be approved by USAID prior to release.

- a. **The level of direct support to USAID IUWASH Project Objectives.** The proposed activity must directly support IUWASH Higher Results and meet one or more of the IUWASH intermediate results.
- b. **Technical Approach.** The technical approach can reasonably be expected to produce the intended outcomes, appropriateness of the proposed methodology, innovativeness, and the work plan for achieving project objectives to offer significant impacts on urban community in achieving better access to safe water and sanitation services. The technical approach must directly contribute to the achievement of IUWASH expected results and performance under the activity, and must be measureable under one or more of IUWASH indicators. The technical approach must have a proposed mechanism for monitoring and evaluation that are correlated with IUWASH Performance Monitoring Plan (PMP). The technical approach must also incorporate gender issues and should focus on pro-poor (MBR) and indigenous peoples. The technical approach must also show strategies to sustain the program over the long term after the IUWASH intervention is complete.
- c. **Institutional Capability.** The application must show the institution capability to undertake and accomplish the proposed program in an effective way.
- d. **Key Personnel.** The application must provide skilled key personnel and staffing pattern to manage the proposed program and attached the respective CVs.
- e. **Past Performance.** The institution must have the experience in implementing similar programs as proposed. The track record from the last three years performance is a critical factor in assessing the capacity of the Applicant to implement the activity.
- f. **Cost.** The proposed cost should be within the expected range as mentioned in the RFA and should be reasonable, allocable, and allowable. .
- g. **Cost Sharing.** How much more than the minimum 10% is the cash and/or in-kind contribution from the grantee to the overall project? The proposed activity is also partnering with other stakeholders to leverage funding

The competency, suitability, and capability of eligible applicants will be evaluated based on the established criteria mentioned above. The Grants Manager or his/her designee will prepare a written record of the results of the Committee's 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, to not fund, or to take any other disposition.

6.3 COST SHARING.

At least 10% cost share is required for all grants. Cost-sharing or matching refers to that portion of project or program costs not borne by USAID IUWASH. All contributions, including cash and third party in-kind contributions, are accepted as part of the recipient's cost-sharing or matching when they meet the criteria established in the standard provision governing recipient contributions. Grant cost-sharing must be in conformance with applicable USAID guidance specifically, the Required as Applicable Standard Provision entitled "Cost Sharing." It is USAID's policy not to apply its source, origin, and nationality requirements or the "restricted goods" provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" on cost-sharing amounts. These provisions, however, will be applicable to procurement funded to grantee directly by the Contractor. In accordance with 22 CFR 226.24, program income may be used to finance the required cost-share portion of the grant award.

Further guidance on Cost Sharing can be found in ADS 303.3.10 (for information related to meeting cost sharing requirements, see ADS 303.3.10.4).

The nature and amount of cost-sharing contribution must be clearly defined in the grant application and in the grant instrument. The applicant must identify the means to verify this contribution. In their grant applications, applicants should distinguish between co-funding that is already committed and co-funding that is only anticipated.

In-kind contributions such as office space, equipment, staff-time, telephone, electricity, etc., can be counted as cost-share and a reasonable and fair value must be imputed by the applicant to this contribution so that it can be properly recognized. It is recognized that this will be the main contribution that many small, local NGOs and community associations will be able to provide.

6.4 ENVIRONMENTAL COMPLIANCE

The prospective grant applicant proposed activities that are foreseen to have an adverse environmental impact to the natural or physical environment need to be brought up to the attention of the Grants Manager since the Grants Manager has the responsibility to determine whether or not the proposed activity fall outside the approved IEE reference as Asia 09-86 Indonesia IEE and Environmental Threshold Decision (ETD) for the IUWASH project. When the proposed activity falls outside the approved scope, the Grants Manager will work collaboratively with the USAID COTR to amend the approved IEE. The IEE and EMMP will be incorporated in the workplan.

6.5 PRE-AWARD RESPONSIBILITY DETERMINATION (ADS 303.3.9)

The recommendation or selection of an application in accordance with established procedures does not in any way guarantee the award. The COP or his designee makes the final determination of the award and must be fully satisfied that the applicant has the capacity to adequately perform the award in accordance with the principles established by USAID. Applicants for Standard, Simplified Grants, or In-Kind Grants must demonstrate that they possess, or have the ability to obtain, the necessary management competence to practice

mutually agreed upon methods of accountability for funds and other assets provided by the IUWASH project.

The financial questionnaire is used to assist in the process of evaluating a grantee's financial management capability. Contractor may also verify financial responsibility and institutional capacity by inspections of annual financial statements, audit reports, letters from other donors, and/or on-site visits. Contractor will ensure, at a minimum that the grantee's financial control systems permit them to identify, segregate, accumulate and properly record all costs incurred under the grant.

The Grants Manager, the respective Accountant and the Grant and Procurement Assistant may visit the potential winning grantee at their office and do a pre-award survey and responsibility determination survey and discuss all matters regarding the award.

The COP may make the following decisions depending on the results of the responsibility determination.

- Make the award,
- Deny the recommendation of the Project Manager and not approve the award, or
- Award with “special award condition“ (ADS 303.3.9.2 – High Risk Recipients)

6.6 COST ANALYSIS AND NEGOTIATION

Each element of the cost application shall be reviewed by the Grants Manager with the assistance of the Financial Officer to determine whether it is reasonable, allowable and allocable in accordance with the applicable cost principles and OMB Circulars for U.S. Federal government grants.

Specifically, the cost analysis and cost realism will assist in determining:

- a. The extent of the prospective grantee's understanding of the financial aspects of the program and the grantee's ability to perform the grant activities within the funds requested;
- b. The extent to which the applicant's plans will accomplish the program objectives with reasonable economy and efficiency; and
- c. The degree to which budgeting is clear and reflects best use of grant resources and counterpart contribution.

The negotiation process must be documented, along with other pre-award determinations in a Memorandum of Negotiation. The Memorandum of Negotiation must include the cost analysis and provide any other relevant details on points negotiated.

In the case of awarding Fixed Obligation Grants (FOG) to Non-Government Organizations, the Contractor must have adequate cost information available to allow the COP or his designee to determine and negotiate the fixed price of the grant and payment structure. The Contractor must document the rationale for selecting the FOG mechanism. Under the FOG mechanism, the applicant must not procure real property such as land or land improvements.

6.7 AWARD ELEMENTS

After pre-award survey and responsibility requirements have been satisfied and final negotiations completed, the Contractor will prepare the Grant Agreement with the selected applicant in accordance with the appropriate format for the type of grant approved. All of these have to be completed prior to submission to USAID for approval.

Upon preparation of the final grant, the grantee signature shall be obtained and the grant will be submitted to the Contractor for countersignature to effect grant award.

The USAID IUWASH Chief of Party shall have the sole authority to sign grant agreements and subsequent modification, if necessary.

6.8 NEGOTIATION MEMORANDUM

Prior to award, the Contractor and the Grantee will enter into negotiations on the cost for the total award and technical implementation. The Contractor is responsible for determining that the cost proposal meets the objective(s) of the proposed program by the applicant and the cost are reasonable, allowable and allocable. A memo of negotiation will be prepared for each award and the memorandum must include a cost analysis.

7. GRANTS PROGRAM ADMINISTRATION

7.1 GRANTS IMPLEMENTATION PLAN

The grants implementation plan has a number of purposes:

- ✓ Execute the USAID IUWASH Grants Program in compliance with the USAID ADS [Automated Directive System] 302.3.4.8 and 302.3.5.6 and the grants awards will be administered in accordance with the requirements of 22 CFR 226, ADS 303, the provisions of the Contract, and applicable Federal law which are fully described in the Grants Manual;
- ✓ Adhere with the Grants Program all programmatic and administrative assurances and other administrative certification requirements;
- ✓ Establish a grants management task force in each project region to execute the grants program, how it will be managed, monitored and evaluated, and consolidate target results in the Project Monitoring Plan (PMP); and
- ✓ Have clear distribution and allocation of grants funds for each region and grants administration funds to manage IUWASH grants funds in the five-year period.

7.1.1 PROGRAMMATIC ASSURANCES

1. Funds made available through the grant will be used only to implement activities that are complementary to the three main project results which are more detailed in the Grants Manual Section I;
2. Awards will only be made to eligible entities of which the criteria are fully described in this USAID IUWASH approved Manual;
3. Grants activities will be implemented only in the USAID IUWASH project regions and will address the specific results areas in some or all sites. The Contractor will make every attempt to work with local partners that have proven know-how and experience in the results areas. The grants will be provided to non-governmental organization (NGOs) and/or small and medium scale enterprises which may include indigenous, national or international organizations or U.S. Non-governmental organizations. To the extent possible, USAID would like to encourage the use of indigenous and national organizations;
4. The total value of any individual grant to any organization shall not exceed U.S.\$100,000;
5. Grant funds will only be used to support a process of constructive engagement and planning between communities, indigenous NGOs, local institutions, PDAMs, private sector and other relevant government agencies to work collaboratively in implementing the activities described in the USAID IUWASH contract scope of work;
6. The Grants activities will ensure that no person shall, on the basis of race, ethnic, religion or sex be excluded from participation in the program; and
7. The grants program will consider religious organizations on the same basis as other non-government organization (NGOs).

7.1.2 ADMINISTRATIVE ASSURANCES

1. USAID will be significantly involved in establishing selection criteria and must approve the actual selection of grantees, the identity of the proposed grantee, the amount of the proposed grant, and the nature of the grant activities;
2. The Contractor will apply the same requirements that would apply to USAID-executed grants;
3. The Contractor must include in the grant the right of USAID to terminate the grant activities unilaterally in extraordinary circumstances.
4. Selection of grants recipients will be in accordance with the competition requirements as described in the USAID IUWASH Grants Manual;
5. The Contractor will develop an information data base, TAMIS, to manage and communicate with USAID on all aspects of the grants;
6. Grant fund will be made available after the workplan has been approved. Funds for grants administration will be made available from Project Operational Funds. Allocation of funds for both purposes will be made available after the workplan has approved.
7. If warranted, the Contractor may provide periodic advances to grantees, in accordance with the Required-as-Applicable Standard Provision, unless USAID shall have agreed to another payment mechanism;
8. The Contractor may not award any grant for a period extending beyond the estimated termination or completion date of the Contract and whose term should allow for the orderly close-out prior to the expiration date of the contract.
9. All grants funds will be managed under a separate account;
10. The Contractor will conduct full onsite review of each such grantee, follow-up reviews, and other reviews as appropriate to assure that grant activities are done in accordance with the respective agreements and contributing to the targets described in the USAID IUWASH program description and further communicate results with USAID ; and
11. Ensure that all grants files are managed properly according to the Grants Master File.

7.1.3 GRANTS MANAGEMENT TASK FORCE

The Grants Manager who will manage the grants program will need assistance in each project region in order to achieve the respective targets and therefore a regional based grants management task force will be developed in each of the five USAID IUWASH Regions. In any circumstances the Grants Manager is responsible for successful implementation of the grants program of the USAID IUWASH Project.

The Grants Manager role is to ensure that the daily operation and routine administrative functions of the USAID IUWASH Grants are well administered and outcomes of the grants program activities support the targeted end results of the USAID IUWASH Project. The Grants Manager will conduct program evaluation, monitoring and oversight, and ensures compliance with USAID requirements and federal law. The Grants Manager is the primary liaison with grantees, monitoring the program as well as providing training and technical assistance in areas such as governance, management, service delivery, and program operation.

The Grants Manager will work closely with the USAID IUWASH COP/DCOP, Grants and Procurement Assistant, the Regional Accountant and staff, the Office Manager, the Regional Coordinator and the grants management task force in each region to successfully implement the Grants Program.

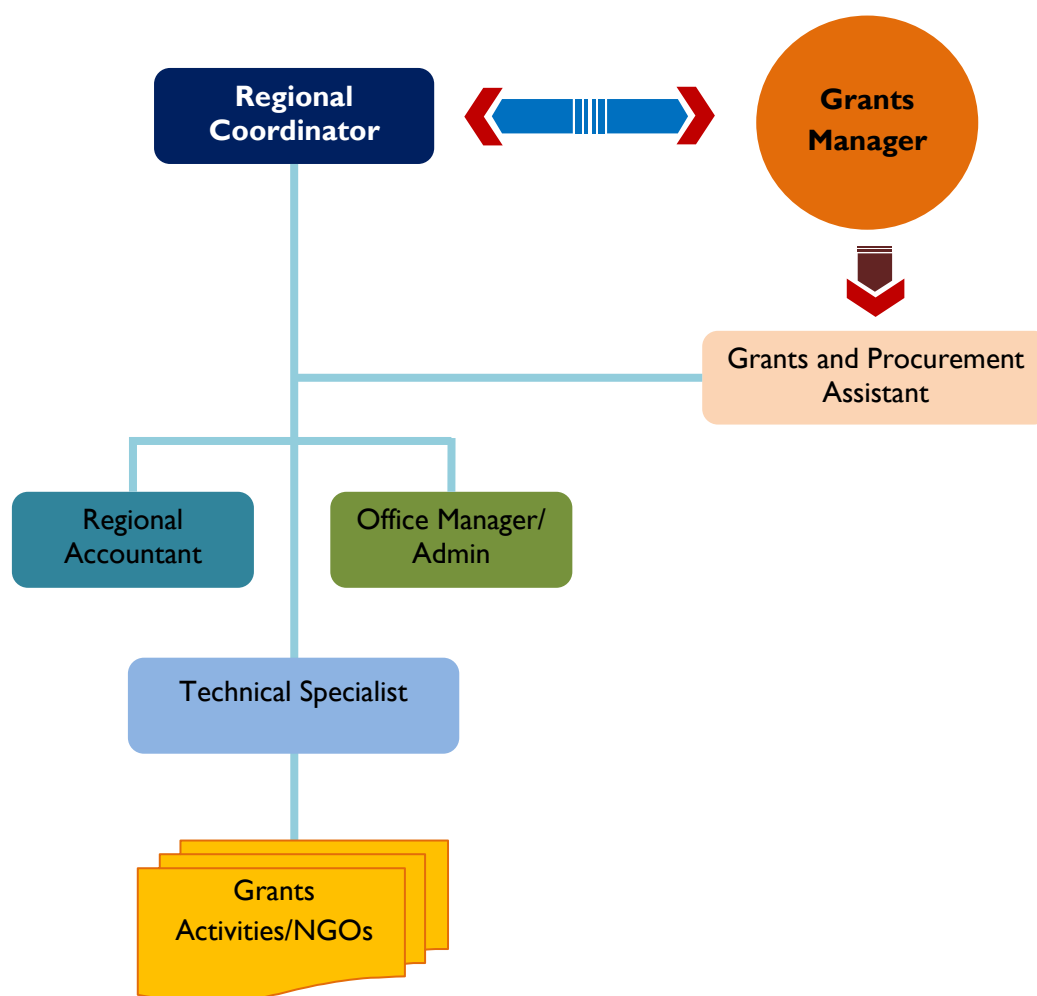
The Grants Manager will be assisted by a Grants and Procurement Assistant in the management of the grants program in each region.

The Operations Manager will be a resource in ensuring that financial, procurement and other administrative requirements are met.

The Grants Management Task Force at Regional Level will assist the grants manager to implement the grants program in each respective project province.

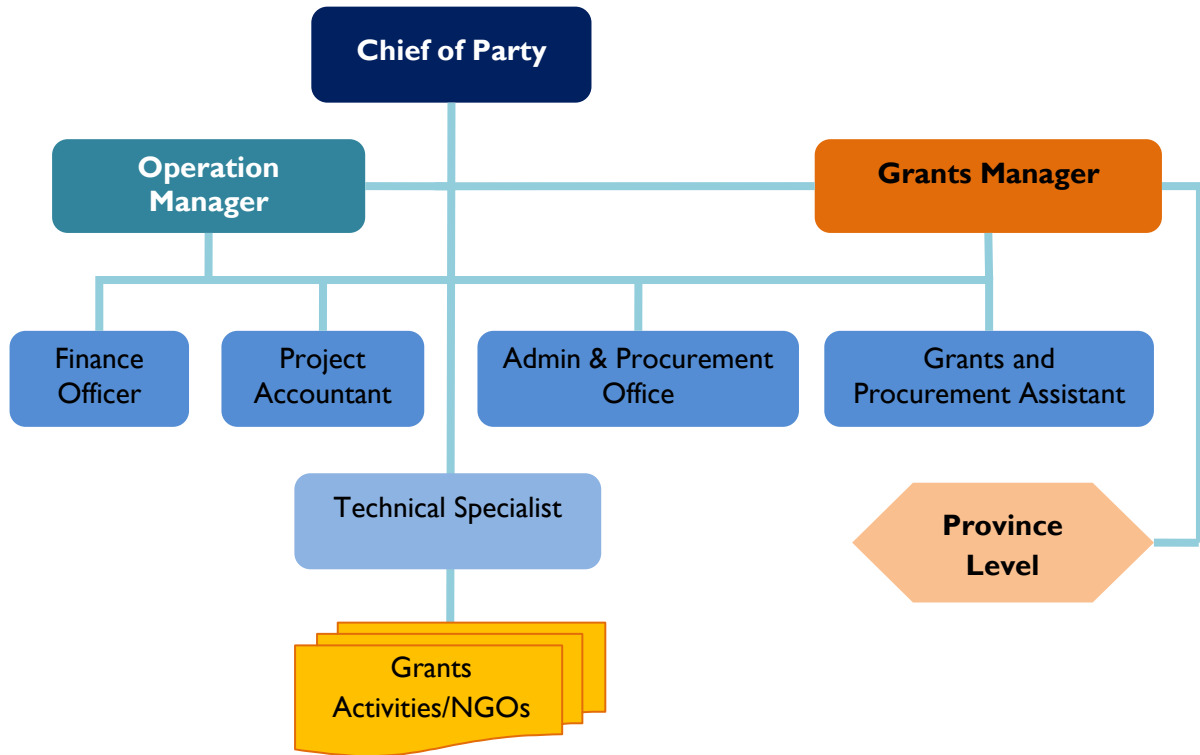
In each region the grants management task force consists of the Grants and Procurement Assistant, Regional Accountant, Office Manager/Administrative Officer, and Technical Specialists who will be fully involved in the routine Grants Program administration. The Grants and Procurement Assistant will report directly to the Regional Coordinator and also to the Grants Manager in Jakarta through email or telephone on grant related issues. This task force team composition applies also in the Central Level with the Grants Manager as the coordinator. At Regional level the task force is illustrated in the following diagram.

Regional Level Grants Program Task Force



The task force in the regional level will work in coordination with all staff of the central office. The Task force at the central level is illustrated in the diagram below.

Central Level Grants Program Task Force



The Grants and Procurement Assistant under the supervision of the Regional Coordinator will work in coordination with all technical specialists in the development of grants program in the province and ensure that the grants program is described clearly in the province annual workplan. The Grants and Procurement Assistant will make sure that all grants program management and administrative procedures are followed and will work closely with the Grants Manager.

The Regional Accountant will make sure that grants funds are available for the program and will provide assistance in financial management to the grantee if needed. The accountant will handle all financial matters with the grantees and will provide the information to the grants manager and the accountant at central level. Disbursement to grantees will be done by the accountant at central level provided that all administrative procedures and requirements are met.

Procurement of goods will be managed by either the Office Manager/Administrative or Procurement Officer and will work closely with the Grants and Procurement Assistant or the Grants Manager directly.

The technical specialist assures that work progress is made according to the agreement, invoices are made correctly, progress and financial reports and other administrative requirements are completed and submitted prior to disbursement. All grants program administrative requirement will be reviewed by the Grants Manager and accountant at central level prior to disbursement.

Monitoring and evaluation of the grants program will be conducted by both the regional grants program task force, grants manager and other respective staff. All monitoring results will be consolidated into the Project Monitoring Plan (PMP).

7.1.4 DISTRIBUTION AND ALLOCATION OF GRANTS FUND

The total IUWASH grant fund is US\$2,500,000 million for the entire 5 year period. An illustrative breakdown of how these funds will be distributed and allocated by province, as well as the number of estimated grants, is provided as follows:

Regions	Estimated Number of Grants	Estimated Amount Allocated (USD)
Region 1		
North Sumatera	6	450,000
Aceh	3	180,000
Region 2		
DKI Jaya	4	320,000
Banten	4	280,000
West Java	4	240,000
Region 3		
Central Java	4	240,000
Region 4		
East Java	6	420,000
Region 5		
South Sulawesi	3	210,000
Ambon	2	80,000
Jayapura	2	80,000
Total	38	2,500,000

The Contractor will award grants as appropriate and will place greater emphasis on the quality of grants rather than quantity of grants in a given period. The above table shows only the estimated allocation plan of grants funds and number of grants and will change when other circumstances arise. However, the total budget of US\$2,500,000 will remain the same.

7.2 GRANTS ADMINISTRATION

Award administration encompasses all dealings between the Contractor and the grantee from the time the award is made until the end of USAID IUWASH Project support. The specific nature and extent of administration will vary from award to award. It can range from reviewing and analyzing performance reports, to performing site visits, to a more technically developed involvement of project implementation.

Post award orientation with the Recipient and USAID IUWASH project technical staff is encouraged to clarify the roles and responsibilities of the USAID IUWASH project officials who will administer the award. The Grants Manager shall serve as the mandatory control point of record for all official communication dealing with grant administration.

The Grants Manager or his/her designee in each region and/or central shall provide for the continuing oversight by appropriate USAID IUWASH project staff of the financial management aspects of the award through reviews of reports, correspondence, site visits or other appropriate means. All grants are subject to audit.

Site visits are an important part of effective award management. Joint site visits by the Contractor/the USAID IUWASH technical staff and USAID are encouraged, since they can often be a more effective review of the project. A brief report highlighting the findings will be completed and included in the grant file.

Grants are subject to the provisions established and included in each award. The Grants Manager or his/her designee shall determine that the award does not contain administrative approvals that are in conflict with the grant provisions, stated regulations and policies. The Grants Manager is responsible for processing all award agreements modifications, suspension and termination actions. All matters regarding grants administration are recorded in the TAMIS.

7.3 FINANCIAL CONTROL SYSTEM

The grantee shall maintain books, records, documents, and other evidence relating to the grant agreement. Accounting records that are supported by documentation will at a minimum be adequate to show all costs incurred under the grant are allowable, receipt and use of goods and services acquired under the grant, costs of the project supplied from other sources (non-USAID funds), and the overall progress of the project.

All grantees will be subject to regular and periodic monitoring visits and periodic reporting requirements. All grantees must submit a final report on activities and expenses supported by the grant. Preferably, quarterly expense and activity reports in addition to a final expense and activity report must be submitted to the Contractor, or as otherwise specified in the grant.

Grantees will be required to adhere to USAID regulations, including requirements to maintain records for a minimum of three years to make accounting records available for review by appropriate representatives of USAID or the Contractor. All grantees are subject to USAID audit.

Grantees must report their cost-share contribution through required financial reports, accompanied by supporting documentation, as described in the Required as Applicable Provision on Cost Share, which is a Mandatory Provision for all USAID IUWASH grants.

The Contractor must closely monitor overruns in cost/expenditure categories or main line items. If major budget shifts are anticipated or observed, it is prudent to issue a modification to ensure proper monitoring and to avoid overruns. Under certain circumstances, the grantee may shift budget line item but not to exceed 10% of the respective budget line item being shifted.

A separate bank checking account must be used for depositing and expending the disbursed funds. The account name must be the official name of the grantee. No other funding shall be deposited into this account and no expenditures shall be paid from this account.

7.4 MONITORING AND EVALUATION

IUWASH will use a variety of mechanisms to monitor grantees' performance, including evaluating end-of-activity results, conducting site visits of activities underway, and reviewing periodic reports. Grantees are required to report data to feed into IUWASH's Performance Monitoring Plan. In addition, the Grants Manager and Monitoring and Evaluation Manager will create a Grants M&E system to monitor the dollar amounts, gender base of organization/individual, cost share contribution, environmental compliance, progress percentage for each grantee, and activity/intervention and type of each grant agreement.

The grantee is required to submit to the project periodic narrative and financial reports, as detailed in the grant agreement. These reports are key to the transparency, accountability, and responsibility that must be maintained for a mutually beneficial arrangement between IUWASH and the grantee during the duration of the grant. These reports are important management tools allowing IUWASH to monitor the grantee's program performance.

The relevant project Technical Specialist, the Grants Assistant (in the region) and the Grants Manager are responsible for verifying that reports are received on time, reviewing them for completeness, and monitoring progress against set benchmarks. If there are problems in implementation, a report is incomplete, and/or the verifiable program milestones have not been met, the Grants Manager will bring these issues to the attention of the Operations Manager and COP, and the COP will decide the appropriate action to be taken, including but not limited to termination of the grant, a financial audit, and/or legal action. IUWASH shall submit recipient reports as part of its reporting to USAID on a quarterly basis, and within 30 days of the close of the quarter.

The grant agreement will specify the reports required for a given grant. In addition to financial and management reports, recipients may also be required to submit the following:

- **Quarterly progress report:** Quarterly progress reports that describe the progress towards achievement of the objectives and results by milestone. Quarterly reports include outputs; summary of major accomplishments, unexpected or unplanned outcomes/activities, and financial reports showing previous quarter cumulative expenditures and next quarter projected expenditures.
- **Grant completion report:** The grantee is obligated to submit to the Contractor the grant completion report both the technical progress and financial reports. IUWASH reserves the right to withhold final payment pending submission of an acceptable grant completion report.

Depending on the grant activity and grantee's capacity, exceptions to submitting reports may be made by the Grants Manager after consultation with the technical team and the COP. In these situations, the reporting requirements may be waived or the Technical Task Leader may assist the grantee in producing the quarterly and/or completion report.

7.5 BRANDING AND MARKING

The branding strategy implementation and marking shall comply with “USAID Graphics Standards Manual” available at <http://www.usaid.gov/branding> and any successor branding policy as detailed in the ADS 320 as well as the USAID IUWASH approved Branding and Marking Plan. All grant documents published by the grantee shall identify the activity as **USAID IUWASH**. Publicity materials and communications shall clearly reflect that this activity is provided by the American People through USAID with the close collaboration and support of the Government of Indonesia. No other organizations or bodies shall be acknowledged publicly in connection with the USAID IUWASH unless the branding and marking have been approved in advanced by USAID. USAID marking will be included on any products, equipment, places where activities are carried out, external public communications, studies, reports, publications and informative and promotional products, and workshops, conferences, fairs and any such events.

The branding strategy should describe how the program, project, or activity is named and positioned; how it is promoted and communicated; and identifies all donors and explains how they will be acknowledged. The Marking Plan should detail the public communications, commodities, and program materials intended to visibly bear the USAID Identity.

7.6 USE AND DISPOSITION OF PROJECT INCOME

Program Income is defined as income earned by the grantee that is directly generated by a supported grant activity or earned as a result of the grant award. It may result from activities integrally related to the grant, or from activities which are incidental to the main purpose of the grant. Program income is any income earned by a grantee during the grant period.

Examples of program income include:

- a. Fees for services performed and for the sales of services, e.g., sale of computer time
- b. Use or rental of real or personal property acquired with grant funds
- c. Sale of commodities or items fabricated under the grant, e.g. publications
- d. Payments of principal and interest on loans made with grant funds
- e. Any donations that are solicited by the grantee during a grant activity

The Grantee will inform the Contractor of any program income generated under the grant and agrees to Contractor’s disposition of such program income which is in accordance with 22 CFR 226.24 and Standard Provisions for Non-U.S. Non-Government Organizations. Program income earned under this agreement shall be applied and used in the following descending order:

- a) Added to funds agreed in the grant agreement to further implement the project to achieve additional agreed upon grant program targets;
- b) Used to finance the non-Federal share of the project or program; and
- c) Deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based.

Costs incident to the generation of program income may be deducted from gross income to determine program income, provided that these costs have been charged to the award and they comply with the applicable rules for allowable costs under grants.

If program income (“gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award”) is anticipated during the award period, the purpose, procedures and use of this income by the grantee or donation by the grantee to another organization must be specifically stated in the award. The complete definition of program income is found at 22 CFR 226.2 [<http://www.access.gpo.gov/nara/cfr/>]; suggestions on how to direct the use of program income are found at 22 CFR 226.24 and program income may be used to finance the grantees’ cost-share of the grant award.

7.7 CASH DISBURSEMENTS

For a U.S. Non-Governmental Grantees, the Contractor must ensure that the grantees have the ability to comply with 22 CFR 26, Parts 226.20-226.22. The Mandatory and Required Applicable Standard Provisions for Non-U.S., Non-Governmental Recipients that apply to cash disbursement grants will be incorporated into the grant agreement where applicable.

During the pre-award responsibility determination (section 6.5), the grantee’s financial management capability will be evaluated, and the grantee’s financial responsibility and institutional capacity will be verified. Based on the results of the pre-award responsibility determination, Contractor will ensure, at a minimum that the grantee’s financial control systems permit them to identify, segregate, accumulate and properly record all costs incurred under the grant. Contractor shall make every effort to determine the grantees ability to manage and financially support the grant award.

Cash payments will be provided in such a way as to minimize the potential for waste or fraud. Payments based upon the recipient’s incremental progress are acceptable. Reimbursement based on presentation of receipts and other justifying documents is the other authorized method of payment. These two methods of cash disbursement are described below:

Incremental Payments. In order to qualify for payments, the grantee’s accounting and financial management systems must conform to standards for funds control and accountability required under USAID and Federal regulations (ADS 303.3.9 and 22 CFR 226.20 – 226.22). New grantees are free to use their existing accounting systems, so long as they meet those applicable standards as set forth in the CFR, the applicable Standard Provisions, and the financial questionnaire. Other guiding principles to cash advance disbursements include:

1. Funds shall not be commingled with other recipient owned or controlled funds.
2. Grantees should liquidate any prior advances before new advances are released; and,
3. Advances shall be limited to the minimum amounts needed to meet current disbursement needs and only if a pre-award determination of responsibility has been made.

After the budget has been negotiated and the grant agreement has been signed, the grantee shall begin receiving disbursements for each upcoming benchmark (which should be at least monthly). Benchmarks must be achieved before the specified disbursement is made,

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by the Contractor and/or grantee (the “Separate Account”). The Contractor and/or grantee has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the COTR. At the conclusion of the Contract, any funds remaining in the

Separate Account shall be returned to USAID and any interest shall be refunded to the U.S. Government.

Reimbursement. If a grantee's financial management systems do not conform to standards for receiving incremental payments, the grantee may still be eligible to receive reimbursements. As benchmarks are achieved, the grantee can submit the DAI Reimbursement Request form (based on Standard Form 1034 "Public Voucher for Purchases and Services Other than Personal" and SF 1034A, Continuation of SF 1034). Each reimbursement shall be identified by the grant number and shall state the total costs for which reimbursement is being requested. The grantee shall attach all receipts and other appropriate documentation.

7.8 DEBARMENT AND TERRORIST FINANCING

To ensure that USAID IUWASH does not award grants to applicants that have been debarred, suspended or proposed for debarment, apparently successful applicants will be checked against the US Government's Excluded Parties List. As such, USAID IUWASH team will perform a search for the applicant's name on the Excluded Parties List (<http://epls.arnet.gov>) and document the outcome.

Moreover, to prevent against providing support to entities determined to have committed or pose a significant risk of committing acts of terrorism that threaten U.S. interests, the Contractor must compare each proposed grant action against specific databases. IUWASH must:

- Check the master list of Specially Designated Nationals and Blocked Persons, which is maintained by the US Treasury's Office of Foreign Assets Control (OFAC) and is available at OFAC's website: <http://www.treas.gov/offices/eotffc/ofac/sdn/tl1sdn.pdf>
- Verify that the individual or entity has not been designated by the United Nations Security (UNSC) sanctions committee established under UNSC Resolution 1267 (1999) (the "1267 Committee") [individuals and entities linked to the Taliban, Usama bin Laden, or the Al Qaida Organization]. To determine whether there has been a published designation of an individual or entity by the 1267 Committee, the Recipient should refer to the consolidated list available online at the Committee's website: <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>.

Supporting documents showing that these searches have been performed must be printed and filed. They should also be recorded on TAMIS and submitted to USAID as part of the approval request.

Executive Order No. 13224 also deems that the Prime Recipient (i.e., DAI) will consider all information about potential grantees of which it is aware and all public information that is reasonably available to it or of which it should be aware. Locally available information (newspapers, radio, television, etc.) may be used to ascertain whether an individual or organization is defined within the Executive Order parameters. In other words, DAI is not absolved of its responsibility for providing support to an individual or organization just because the organization doesn't appear on the database searches if Contractor members should have reasonably known that the person or company has committed or pose a significant risk of committing acts of terrorism that threaten U.S. interests.

7.9 PROCUREMENT PROCEDURES

7.9.1 PROCUREMENT STANDARDS

The Contractor will establish standardized written procurement procedures. These procedures shall provide, at a minimum, that:

- DAI or the grantee, will avoid purchasing unnecessary items;
- Where appropriate, DAI or the grantee will determine whether lease and purchase alternatives is the most economical and practical procurement; and
- The DAI Grants Manager will document a price or cost analysis in its procurement files in connection with every procurement action. Price analysis will be accomplished in various ways, including the comparison price quotations submitted, and market prices, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.
- For procurement elements or awards greater than \$10,000, further requirements may apply as found in the USAID Eligibility Rules for Goods and Services of this Manual.

7.9.2 ALLOWABLE COSTS AND ELIGIBILITY RULES FOR GOODS AND SERVICES

Expenses incurred under the grants program must meet the following criteria in order to be eligible for reimbursement:

Reasonable Cost: Means those costs which are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.

Allocable Costs: Means those costs which are incurred specifically for the award.

Allowable Costs: Means those costs which are reasonable and allocable and conform to any limitations in the award.

DAI is responsible for determining which costs are allowable and allocable under the grant.

The following guidelines will be used during the budget review stage of grant proposal evaluation, before the grant agreement is approved, to determine if a questionable cost is allowable:

- a) Review OMB Circular A-122, Attachment B, a list of “Selected Items of Cost” which describes what is and is not allowable, or allowable under what circumstances (for example, “alcoholic beverages: Costs of alcoholic beverages are unallowable”).
- b) Review ADS 312 “Eligibility of Commodities” for more information if an item to be procured is a restricted good or service.
- c) Determine whether the costs are reasonable, allocable and allowable.
- d) Contact the DAI home office for review and decision when appropriate.
- e) Prior to incurring a questionable cost, obtain USAID’s Contracting Officer written determination on whether the cost will be allowable. (This should be done even for cash disbursements, as DAI is accountable for the use of funds provided to the grantees.)

7.9.3 RESTRICTED GOODS AND INELIGIBLE GOODS

IUWASH and/or the grantee must not procure any of the following goods or services without the prior written approval of the USAID Contracting Officer (CO).

- Agricultural commodities;
- Motor vehicles;
- Pharmaceuticals and contraceptive items;
- Pesticides;
- Fertilizer;
- Used equipment, or
- U.S. government-owned excess property.

Any commodities purchased by IUWASH and/or the grantee must not be on USAID's list of "ineligible commodities". The list consists of the following types of equipment:

- Military equipment;
- Surveillance equipment;
- Police and law enforcement and support equipment;
- Abortion equipment;
- Luxury goods;
- Gambling equipment;
- Weather modification equipment.

This provision is applicable when the costs for commodities will be paid for with USAID funds. This provision is not applicable if the recipient is providing for the goods or services with private funds as part of a cost-sharing requirement.

7.9.4 SOURCE, ORIGIN, AND NATIONALITY

The authorized geographic code for the IUWASH project is listed in as "000" DAI's program is designed to adhere to these requirements.

7.10 EQUIPMENT

Equipment is defined as any tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. If equipment is deemed justified to be purchased under a grant, standard DAI procurement procedures will be followed and the Required as Applicable Standard Provision for Non-U.S. Non-Governmental Recipients (Title to and Use of Property, Recipient Title) will be incorporated into the Grant Agreement.

Procurement of equipment with value of \$5,000 and above requires the Contracting Officer approval.

The grantee is required to use and maintain the equipment for the purpose of the award in accordance with the applicable standard provisions and as summarized below:

- The grantee is required to maintain equipment records that include the description of the equipment, the source of the equipment, the name of organization who provides the funds, the serial number or other identification, the acquisition date, the cost of equipment, the location, use, and condition of the equipment, and any

ultimate disposition data including the date of disposal and the sale price of the equipment (if applicable).

- The grantee is required to take an annual physical inventory of the equipment and reconcile the results with the equipment records and submit a copy of the physical inventory to DAI.

7.11 SUPPLIES

Supplies are all property, excluding equipment procured under the grant. Computers may be categorized as supplies but procurement of computers need prior approval from the IUWASH project COP and USAID.

If, for example, an in-kind grant awarded for repairing a community meeting room budgeted 100 sacks of cement, but only 80 sacks were used, the remaining 20 sacks would remain the property of DAI to fund a different grant needing cement. However, if this same grant were implemented through cash disbursements and the grantee purchased 100 sacks of cement but only used 80 sacks, the grantee must calculate the residual inventory. If unused supplies exceeds \$5,000 in total aggregate value upon termination or completion of the project and the supplies are not needed for other USAID or U.S. government-funded project or program, the grantee may retain the supplies for use on non-federal activities or sell them, but shall in either case compensate USAID for its share.

7.12 TRAVEL

Travel conducted by grantee personnel to and from project sites shall be in accordance with the grantee's operational manual and approved by the Contractor.

7.13 RIGHTS TO INTELLECTUAL PROPERTY

This provision is applicable when publications are financed under the award.

(a) USAID shall be prominently acknowledged in all publications, videos, or other information/media products funded or partially funded through this award, and the product shall state that the views expressed by the author(s) do not necessarily reflect those of USAID. Acknowledgments should identify USAID/Indonesia as well as the U.S. Agency for International Development substantially as follows:

“This [publication, video or other information/media product (specify)] was made possible through support provided by the Office of Environment, U.S. Agency for International Development Indonesia, under the terms of Award No. _____. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development.”

(b) Unless the grantee is instructed otherwise by USAID or DAI, publications, videos, or other information/media products funded under this award and intended for general readership or other general use will be marked with the USAID logo and/or U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT appearing either at the top or at the bottom of the front cover or, if more suitable, on the first inside title page for printed products, and in

equivalent appropriate location in videos or other information/media products. Logos and markings of co-sponsors or authorizing institutions should be similarly located and of similar size and appearance.

(c) The grantee shall provide DAI one copy of all published works developed under the award with lists of other written work produced under the award. At the end of the project, DAI shall submit one electronic or one hard copy of final documents (electronic copies are preferred) to PPC/CDIE/DIO at the following address:

USAID Development Experience Clearinghouse (DEC)
ATTN: Document Acquisitions
1611 Kent Street, Suite 200
Arlington, VA 22209-2111
Internet e-mail address: docsubmit@dec.cdie.org
Homepage: <http://www.dec.org>

Electronic documents may be submitted on CD-R or CD-RW or as e-mail attachments (pdf format), and should consist of only one electronic file that comprises the complete and final equivalent of the paper copy; otherwise, a hard copy should be sent. Acceptable software formats for electronic documents include Microsoft Word, Microsoft Excel and Portable Document Format (PDF). Each document submitted to PPC/CDIE/DIO should include the following information: 1) descriptive title; 2) author(s) name; 3) award number; 4) sponsoring USAID office; 5) date of publication; 6) software name and version (if electronic document is sent).

(d) In the event grant funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the grant unless grant agreement has identified the profits or royalties as program income.

(e) Except as otherwise provided in the terms and conditions of the grant, the author and/or the grantee is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this award, but USAID reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

7.14 GRANT AUDIT AND GRANT PROJECT MASTER FILE

USAID reserves the right to conduct financial reviews or audits of the Contractor and all of its activities, including its grants, and to otherwise ensure the adequate accountability of organizations expending USG funds. Grant files kept by the IUWASH Grants Manager will contain the essential documents to demonstrate that each grant was successfully completed and that funds were spent prudently with costs justified.

Prior to USAID COTR approval, IUWASH may contract with external auditors to perform audits of the grantee's program implementation with respect to expenditures.

In order to prepare the grant files for closeout, the Grants Manager will maintain an on-going official **grant "Master File"** or binder, which includes documents associated with the particular grant. An auditor with very little prior knowledge of the project will be able to quickly review the file and conclude whether the grant funds were used for their designated purpose, whether systematic and competitive procurement procedures were used, and

whether all funds were properly accounted for. At closeout, IUWASH staff will also ensure that all entries in the grants management database are complete, which will help guide an auditor through DAI's grants management system.

The Master File will include:

- 1) RFA documents
 - Copy of all RFAs
 - USAID approval of RFAs

- 2) Grant Documents
 - Proposal from grantee
 - Evaluation Committee scoring sheets and bid committee summary
 - Negotiation Memorandum
 - Certification of environmental compliance
 - Proposal Competition Record
 - Pre-Award Responsibility Determination
 - Signed grant approval from USAID
 - Signed Grant Agreement
 - Signed Addenda to agreement, where applicable
 - Any extensions or additional approvals from USAID (including print-outs of approval emails), where applicable
 - Grant Budget and any budget amendments
 - Grant correspondence
 - Grantee Certifications

- 3) Procurement Documents
 - Bidding documentation (see section VI, Procurement Procedures)
 - Procurement Negotiation Memorandum
 - In-kind agreements with vendors, if used
 - If a single item worth \$500 or more was given to a grantee, the file must include an inventory list of such goods and equipment.

- 4) Financial Documents
 - Financial reports from grantee (these can be stored separately, if organized by grant number)
 - The financial documents themselves may be included in the grant file, or there can be a spreadsheet that cross-references grant payments with separate field-based Finance Department files. This permits an auditor to look up original receipts and other financial documentation for each grant as needed.

- 5) Reporting and Evaluation Documents
 - Final reports from grantee
 - Reports on payment of foreign taxes
 - Monitoring reports
 - Impact assessments
 - Additional demonstration of activities (i.e. photographs, cassette tapes of radio PSA, video tapes of conference events, newspaper clippings, and so on.)
 - Grant paperwork beyond a single copy of the items on this checklist can be disposed of after closeout.

- 6) Closeout Documentation
 - Grant Closeout Letter
 - Closeout Checklist

7.15 RECORDS RETENTION

The Contractor will act as custodian for USAID of all records relating to grants under the Contract. The Contractor will preserve all records with respect to its grant-making (including with respect to the deliberations of all Review Panels) and administration hereunder.

Copies of all reports received from awardees will be promptly forwarded to the COTR or his/her designee. USAID and the Comptroller General shall have full access to all documents, papers and others records of the Contractor with respect to its duties hereunder. At the conclusion of the Contract, the Contractor shall consult with the COTR for direction as to which records shall be transferred to USAID.

7.16 CLOSEOUT PROCEDURES

Closeout of all grants awarded under the standard and simplified formats shall be conducted by the Contractor in accordance with 22 CFR 226.71.

Grant closeout for fixed obligations grants will be accomplished with acceptance of the final milestone and the approval of final payment.

The Contractor is responsible for ensuring that the grantee has completed all requirements for closeout and shall include information on grant closeouts in the monthly report of grant activities.

USAID reserves the right to direct the Contractor to unilaterally terminate grants entered into by the Contractor for the IUWASH activity.

7.17 LANGUAGE

The text of the main body and appendices of grant agreements shall be in English and only the program description, program budget and other supporting documents may be written in Indonesian for Indonesian organizations and English or Indonesian for U.S. Non-Governmental Organization.

8. TERMINATION, SUSPENSION, AND MODIFICATION

Language must be included in the grant agreement giving the Contractor the right to terminate a grant, in whole or part, or suspend payments, should the grantee become insolvent during the performance of the award or should the grantee not meet their responsibilities as set forth in the Grant Agreement. A termination letter will be placed in the grantee's file and include the following:

- The reasons for the termination;
- The effective date; and
- The portion terminated (in case of partial termination).

8.1 TERMINATION AND SUSPENSION

Per the grant agreement, IUWASH and/or USAID reserve the right to terminate or suspend a grant for the reasons listed below. If termination or suspension is considered, it should only be undertaken after a full discussion with the USAID COTR, CO or designee, IUWASH's Chief of Party, and the Grants Manager. USAID retains the right to terminate grant activities unilaterally in extraordinary circumstances. Termination and suspension may be:

- **With consent of grantee:** IUWASH may terminate or suspend the grant, in whole or in part, with consent of the grantee. Both parties shall agree upon termination/suspension conditions, including effective date and, in case of partial terminations, the portion of the award to be terminated. The bilateral agreement to terminate will be in writing.
- **Upon request of the grantee:** The grantee may terminate the award in whole or in part upon sending a written notice to IUWASH. The notice must specify the reason for termination, the effective date, and, in case of partial termination, the portion to be terminated. If in the opinion of IUWASH a partial termination will mean that the purpose of the grant will not be achieved, IUWASH may terminate the award.
- **For convenience:** IUWASH may terminate or suspend the grant, in whole or in part for any reason based on the convenience of IUWASH or USAID. Under a termination for convenience, depending on the grant type, IUWASH will pay for all costs incurred or milestones achieved at the time of termination and a pro-rata share of any deliverables or costs in progress.
- **For United States national interest:** If at any time USAID determines that continuation of all or part of the funding for a grant should be suspended or terminated because such assistance would not be in the national interest of the United States, or would be in violation of an applicable law, USAID may instruct IUWASH to suspend or terminate the grant in whole or in part on an immediate basis. Where possible the IUWASH project will attempt to provide the grantee with 15 days advance notice of any suspension or termination. The length of suspension may be specified or processed on an open-ended basis.

Reasons for termination include:

- **Termination for material failure:** IUWASH may terminate or suspend the grant at any time, in whole or part, upon written notice to the grantee, whenever it is determined that the grantee has materially failed to comply with the Terms and Conditions of the award. Termination should only be invoked when all other corrective measures have failed. If an activity is well designed, then failure to achieve the objective will most likely result from either a wholly unanticipated event or condition or negligence on behalf of the recipient.
- **Financial insolvency of grantee:** USAID and/or IUWASH have the right to terminate in whole or in part, or suspend payments should the recipient become insolvent during performance of the activity.
- **For convenience:** Described above.

Procedures for Termination:

- **Termination or suspension initiated by IUWASH:**
 - Step 1:** The Grants Manager, in coordination with the Technical Specialist or the Grant Assistant will present the case for Termination or Suspension to the IUWASH COP.
 - Step 2:** If the COP approves, a letter will be sent to the legal representative of the grantee outlining the problems observed and providing an explanation of a possible Termination or Suspension of the grant and soliciting to present solutions to resolve the problem (s). USAID will be copied on the letter.
 - Step 3:** The grantee will have 5 days to respond in writing. During this period the grantee may analyze options with IUWASH staff. IUWASH staffs are not authorized to commit the program to any course of action other than that determined by the COP in his letter to the grantee.
 - Step 4:** Upon receipt of a written response from the grantee, or in the absence of a written response within the 5 days period, the COP, in consultation with the Grants Manager, relevant Technical Specialist or the Grant Assistant, and the USAID COTR will make a final determination as to termination or suspension and the conditions and timing for such termination and suspension. Once the decision is made, another letter will be sent to the grantee informing the final determination and stipulating the last date by which eligible grant expenses may be incurred and under what conditions additional disbursements, if any, will be permitted.
 - Step 5:** The grantee may seek arbitration by presenting a written request for arbitration to the COP within 3 days, using the procedures described in section 8.3 below. Pending a determination by arbitrators, grant expenditures will be deemed allowable and eligible as per the COP's termination or suspension letter. Any expenditure not allowable by the COP in his termination or suspension letter may be allowed if decided by the DAI Home Office backstop for the IUWASH project for based upon the recommendations by the arbitrators.
- **Termination or suspension initiated by grantee:**
 - Step 1:** The grantee may present the case verbally to the Grants Manager. With or without such consultations, the legal representative of the grantee will in writing, request for termination or suspension to the IUWASH COP, with his/her arguments for the necessity of that action, and proposed terms (timing, eligible costs, etc.) for termination or suspension.
 - Step 2:** The COP will have 5 business days to respond in writing, during which time he will consult with IUWASH staff, the grantee, beneficiaries, or third parties. If the COP accepts the request for termination, he will outline the conditions for termination or

suspension (timing, eligible costs, etc.). If the COP does not accept the request, he will outline actions to be taken to improve the likelihood of the grant activities achieving the results expected.

Step 3: The grantee will have 5 business days to respond in writing to IUWASH. During this period the grantee may analyze options recommended by the Grants Manager and Technical Specialist; neither the Grant Manager nor the Technical Specialist are not authorized to commit the program to any course of action other than that determined by the COP in his letter to the grantee. If the grantee accepts the terms of termination or suspension of the grant in writing from the COP, a copy of the COP's letter to the grantee and the grantee's written acceptance will be sent to the IUWASH COTR and kept in the project files. If the grantee wishes to continue negotiations as to continuance, suspension, or termination, a written response must be presented to the IUWASH COP within 5 business days, with an additional 5 business days allowed for a written response from the IUWASH COP.

Step 4: If either party feels the continuing of exchanges is not leading to a mutually successful outcome, i.e., if the grantee insists on termination or suspension, while IUWASH does not agree, the grantee may seek arbitration by presenting a written request for arbitration to the COP within 3 business days. The arbitrators will be asked only to determine whether or not termination or suspension is merited. Pending a determination by arbitrators, grant expenditures will be deemed allowable and eligible as per the Terms of the grant. If the arbitrators determine that a termination is merited, at the discretion of the COP, this decision may be reviewed by DAI Home Office backstop for IUWASH project. If accepted by the COP, he will inform the grantee of the terms of termination or suspension, following the procedures outlined in 8.1 above.

8.2 MODIFICATION

Any modification of a grant agreement requires the mutual written endorsement of the grantee and IUWASH COP in the form of a Grant Agreement Modification.

Types of Modifications:

- A. Unfunded Modifications:** A written modification will be issued when there is a need for material alteration of a programmatic aspect of an agreement and when there is no impact on cost. This assumes that approved funds are still available. An illustrative example is when the achievement of the objective is in jeopardy and as a result of joint discussions; a plan for corrective action is developed. That plan would be sanctioned by issuance of the modification. Another example is a modification to the start date of the activity or completion dates to provide an extension in the event that unforeseen circumstances outside the control of the grantee impede the grantee's ability to meet the implementation plan timeline. The Grants Manager will prepare the grant agreement modification notice in collaboration with the Technical Specialist and Grant Assistant and the IUWASH COP or his/her designee will approve.
- B. Funded Modifications:** All modifications — technical or otherwise — that increase the total funding value of a grant by a minimum threshold of 5 percent of the total approved amount of the grant must be approved by the Grants Manager, IUWASH COP or his/her designee, and subsequently the USAID COTR (for grants below \$50,000 or CO for grants above \$50,000). If the cost modification is less than the established minimum threshold, the Grants Manager may prepare the modification and the COP will

approve the grant agreement modification with the input of the appropriate IUWASH Technical Specialist.

All requests for a cost modification must be processed in accordance with the following criteria:

- Funded modifications will only be considered to address compelling, extreme circumstances that jeopardize the achievement of an activity objective(s).
- Poor planning by the grantee is not an acceptable rationale for requesting a cost modification.
- Cost modifications must be supported by a revised financial plan detailing the original approved line items, the revised line items and expenditures to date. Revised financial plans will be analyzed for soundness and completeness, with respect to the allowability of expenditures to date.
- A cost increase must always be driven by a revised implementation plan — not vice versa.
- The project must re-check the Excluded Parties database prior to issuing a funded modification.

C. Budget realignment: All modifications that result in budget line-item adjustments, but do not increase the overall budget amount; require the written approval of the Grants Manager after consultation with the appropriate Technical Specialist. A grant agreement modification must conform to the format and content of the original grant agreement and be executed in two original copies (one for the grantee, one for IUWASH). The absolute limitations for time and funding may not be exceeded by issuance of a grant agreement modification notice.

The Contractor has the authority to make, without the prior approval of the COTR, written amendments to awarded grants, provided that the amendments 1) are of a minor or administrative nature, 2) do not change the obligated amount or the purposes of any award, 3) are satisfactory to the Contractor and the Grantee, and 4) are promptly transmitted to the COTR. The COTR must give his or her prior approval to all other amendments. Once a grant has been awarded, no additional competition is required for amendments to the existing award or follow-on awards for the same activity, or to further develop an existing assistance relationship for amounts equal to or less than the original grant.

The USAID IUWASH Grants Manager shall serve as the mandatory control point of record for all official communication that would constitute an amendment to the award. Amendments will be made by formal modifications to the basic award document. A change to a grant agreement in cost, period and/or program description. IUWASH clearance is required for all modifications to an activity. Modifications must be approved in writing by the COP and grant agreements amended in writing.

8.3 ALTERNATIVE DISPUTE RESOLUTION

Arbitration – In the event that any dispute arises concerning any aspect of a grant agreement that is not specifically addressed in the Terms and Conditions, it is hereby agreed that the matter will be presented to the GEC and the COP or his/her designee, and such committee and COP will be the final and binding arbitrator of such dispute. The COTR will be informed of all arbitration decisions.

8.4 RIGHT OF USAID TO SUPERSEDE CONTRACTOR DECISIONS.

Recognizing the paramount interest of the United States and USAID in grant-making, the parties agree that USAID may, in its sole discretion, supersede any decision, act or omission taken by the Contractor in respect of any grant made by it, or proposed to be made by it. Notwithstanding any other provision of this Contract, USAID retains the right, at all times, through the Contracting Officer, to (1) dictate a different decision with respect to the award or administration of any grant; (2) rectify an omission by the Contractor with respect to the award or administration of any grant; (3) take over the administration of any grant awarded; and/or (4) terminate, in whole or in part, the Contractor's authorities to approve grants.

ANNEXES

ANNEX A: ENVIRONMENTAL COMPLIANCE – ASIA 09-86
INDONESIA IEE & ETD IUWASH

Asia 09-86 Indonesia IEE - ETD IUWASH



USAID | INDONESIA
FROM THE AMERICAN PEOPLE

INITIAL ENVIRONMENTAL EXAMINATION

PROGRAM/ACTIVITY DATA:

Country Code-SO: Sustainable Management of Natural Resources

Country: Indonesia

Program: Indonesian Urban Water, Sanitation and Hygiene Program (IUWASH)

Funding Begins: FY09; Funding Ends: FY14; LOP Amounts: \$35,747,500

IEE Prepared by:

ENV: Trigeany date: 5/13/09
Trigeany Linggoatmodjo, USAID/Indonesia

IEE Amendment (Y/N) : N Current Date : April 6, 2009

If 'YES', Number and Date of Original IEE : N/A

ENVIRONMENTAL ACTION RECOMMENDED: (Place X where applicable)

Categorical Exclusion: Negative Determination:
Positive Determination: Deferral:

ADDITIONAL ELEMENTS: Place X where applicable)

CONDITIONS:

SUMMARY OF FINDINGS:

- Indonesia Urban Water, Sanitation and Hygiene (IUWASH) Program activities involving technical assistance and training, analyses, studies, academic workshops and meetings that do not entail laboratory work, field studies or involve actions that directly affect the natural or physical environment are recommended for a **Categorical Exclusion** in accordance with 22 CFR 216.2(c)(2)(i) for education, technical assistance or training programs; 22 CFR 216.2(c)(2)(iii) for analyses, studies, workshops and meeting activities; 22 CFR 216.2(c)(2)(vi) for document and information transfers; and 22 CFR 216.2(c)(2)(xiv) for studies and capacity building activities of the IUWASH program.
- A **Negative Determination with Conditions** in accordance with 22 CFR 216.3 (a)(2)(iii) is recommended for IUWASH activities involving field studies and other actions that directly effect the physical or natural environment, including small-scale water and sanitation improvement and or construction activities of the IUWASH. The mitigation measures in the conditions list –in Attachment 1- are to ensure mitigation of the potential impacts to public health or the environment.

1. BACKGROUND AND ACTIVITY DESCRIPTION

The objective of IUWASH is to provide a range of technical assistance, both long- and short-term to support USAID/Indonesia's assistance objectives related to increasing safe drinking water and adequate sanitation access.

At the end of 5-year USAID assistance, IUWASH will have helped make significant progress in achieving Indonesia's safe water and sanitation Millennium Development Goal targets by expanding access to these services. The expected results to be achieved are:

- 2 million people in urban areas gaining access to improved water supply as a result of US Government assistance.
- 200,000 people in urban areas gaining access to improved sanitation facilities as a result of US Government assistance.
- Per unit water cost paid by the poor in targeted communities decreases by 20% or more.

In pursuing the expected results, the IUWASH program will support the Paul Simon Water for the Poor Act of 2005 priorities of ensuring both equitable and sustainable access to safe drinking water and sanitation. To contribute to more equitable access, IUWASH will emphasize expanding access among Indonesia's urban poor, currently those people with the most limited access to these services. To ensure that access improvements are sustained, IUWASH will be guided by a development hypothesis that requires activities pursuing three distinct types of intermediate results. These include:

- Demand for safe drinking water access and improved sanitation mobilized among urban communities and households with currently unimproved access.
- The capacity to sustainably supply this mobilized demand with improved water and sanitation services built among the public and private sector institutions best placed to provide these services in urban areas.
- A governance and financial enabling environment created that supports equitable access to safe drinking water and improved sanitation in urban areas.

When PDAMs are more efficient, effective and creditworthy, they will be in a better position to serve the poor. USAID/Indonesia will focus on increasing connections to the poor, which will also contribute to reducing non revenue water losses and should thereby improve the health of PDAM operations.

Proposed IUWASH activities in at least four provinces in Indonesia will include:

1. Demand mobilization for improved water and sanitation services

To ensure that all such demand mobilization efforts for improved water and sanitation services are sustained into the future, IUWASH will focus on building the capacity for implementing and expanding such efforts within relevant GOI institutions, utilities, and civil society groups.

For even the poorest Indonesian households, demand for safe drinking water is already high. Surveys show that the urban poor pay on average 10-20% of their monthly income on water. However, the water that most of these households purchase is expensive water from vendors (20 or more times the price of piped water) and of questionable quality, especially if households rely on oft-contaminated groundwater sources. The challenge is to mobilize this existing demand so that households can work with water utilities to access their more affordable and increasingly high quality piped water services. Several community mobilization approaches to accomplish this result have recently been piloted by USAID/Indonesia partners and others.

IUWASH tasks to mobilize demand for improved water and sanitation services will include following tasks:

- Supporting scale-up of successful piloted schemes, e.g., community bulk meter and connection fee financing, especially by building the capacity to implement these schemes among water utilities, local government, and their civil society partners.
- Promoting new innovations that can bring communities together to engage with utilities to broker more affordable, reliable, and safe water supply access. Possible innovations might include piloting pay-as-you-go systems managed at the community level, community water point-ablution block construction.
- Promoting greater use of information and media to raise awareness of PDAM performance in delivering water to poor communities and the ~~cost~~ higher costs paid by the poor for water.
- Developing citizen-based mechanisms for monitoring water services.
- Improving advocacy skills of water user groups or associations and help PDAMs, executive and legislative branch establish public fora through which public officials and water users can engage in dialogue.
- Developing skilled government cadres and District Health (Puskesmas) Sanitarians with appropriate government budget to be responsible for on-going sanitation and complementary hygiene awareness/behavior change efforts.
- Developing reward and competition programs among Districts, sub-Districts, and neighborhood units (RWs and RTs) to achieve the sanitation and related hygiene improvement goals of the citywide strategies or other local government programs.
- Supporting small-scale sanitation improvement at communities, schools, and/or other public institutions, in parallel with training the staff at these facilities to help model good sanitation and related hygiene practices among community members.
- Creating opportunities to involve citizens in monitoring performance of sanitation services.
- Promoting greater media coverage of sanitation issues through training in investigative reporting and the effects of sanitation on public health.

2. Capacity improvements to provide sustainable safe water and sanitation services.

To sustainably realize overall expected results, IUWASH capacity improvement activities will facilitate the delivery of expanded water supply and sanitation services on a sustainable basis, i.e., effectively meet demand. To this end, IUWASH will provide technical assistance and subcontracts to water utilities, private businesses that can contribute to sanitation improvements, and local government institutions contributing to both sustainable water and sanitation service improvements. This assistance should address technical, financial and accountability aspects of improving/ expanding water and sanitation services.

Building and expanding on the successes of past USAID assistance in building water utility capacity, especially under the Environmental Services Program, IUWASH will work to systematically improve the capacity of water service providers to provide high quality service and expand service to new customers, especially the urban poor, through below tasks:

- Improving operational performance and governance/management of water utilities (PDAMs) through development of Standard Operating Procedures, staffing improvements, non revenue water reduction, energy efficiency improvement, billing systems improvement, addressing autonomy and revenue retention issue with local government, network pressure management and customer services.
- Improving water utilities planning capacity through assistance in business plan development, tariff analysis and structuring, and capital improvements planning as well as water resources management to include response options to adapt successfully to global and climate induced changes in the water resources.
- Improving water utilities' financial performance and credit worthiness through credit rating, evaluation of alternative funding mechanisms, and debt management.
- Building utility capacity to leverage resources from government/donors/private sectors/investors to fund expanding water services for the poor.
- Building water utility capacity to scale-up successful piloted schemes, e.g., communal metering and micro financing, and to promote new innovations that can bring communities together to engage with utilities to broker more affordable, reliable, and safe water supply access.
- Strengthen PDAM reporting and other means of accountability to the local government and citizens.

For sanitation, IUWASH will focus both on the government institutions responsible for the planning and implementation of community and city level sanitation improvements (i.e., sewerage and associated drainage and solid waste management) as well as the private sector providers that can construct and manage small-scale household and community level sanitation improvements. In particular, tasks will include:

- Improving local planning and implementation of sanitation improvements via technical assistance to the multi-stakeholder Sanitation Working Group (POKJASAN) in developing and implementing more participatory citywide sanitation strategic plans in

collaboration with the National Working Group on Water and Environmental Sanitation (POKJA AMPL) and Sanitation Technical Team (SAN TT), led by BAPPENAS.

- Engage local governments in the implementation of the Ministry of Health's National Community-based Total Sanitation Strategy that includes the five pillars of diarrhea prevention: i.e., stop open defecation, hand-washing with soap, household drinking water management and hygiene food preparation, household solid waste management, and household waste water management.
- Building private sector and/or community based organization capacity to develop and provide appropriate, affordable, and improvements to household level sanitation facilities (e.g., improved toilet facilities affordable to poor households) and small-scale community improvements (e.g. community septic tanks, sustainably operated communal toilet facilities).
- Support local government efforts to introduce and implement new systems of performance management for sanitation (and water) including setting appropriate targets, collecting and analyzing data, improving the quality of reporting and rewards/punishment for good/bad performance.

To sustain and promote future scaling up of such capacity improvement efforts, IUWASH will coordinate with Ministry of Public Works and other ministries as needed in building national and/or regional-level institutional and human resources capacity to continue such work into the future for example through such organizations as PERPAMSI (Association of Indonesian Water Enterprises). To disseminate good practices to urban local governments, IUWASH should work with existing associations and NGOs such as the Association of Indonesian Cities (APEKSI), Association of Indonesian Districts (APKASI), Urban and Regional Development Institute (URDI) or Center for Local Government Innovation (YIPD).

3. Create an enabling environment supporting equitable water and sanitation services

To ensure that both demand mobilization efforts and service capacity improvements are sustained and able to be scaled up so that water and sanitation improvements reach all the urban poor, the overall enabling environment in Indonesia must improve. Two important aspects of this enabling environment include increased political and institutional support for policies supporting these improvements and access to financial resources to fund these improvements (at the city/utility level and at the household level).

IUWASH tasks to create enabling environment will include:

- Supporting advocacy efforts to expand political support for improving water supply and sanitation access in urban settings among governments and legislatures bodies at local, regional and national level. This advocacy will promote improvements in relevant policies, better coordination in planning, monitoring and evaluation systems to track progress in meeting MDG safe water and sanitation goals, and securing adequate budget allocation for this sector. Direct technical assistance to local councils and executive branch should be provided where necessary to educate and help institutionalize appropriate policies, budgets and procedures to enable the desired service improvements.

- Supporting multi-stakeholder action planning for improvement of water services based on minimum service standards.
- Establishing public information system or customer service/complaint center for local government water and sanitation services.
- Identifying and brokering access to long-term finance options for water companies and sanitation service providers.
- Promoting creative micro-finance options for households that will allow them to make the necessary household investments in water supply (e.g., pay for connection fees to water utilities) and sanitation (e.g., pay for improved household level or shared small-community sanitation facilities).

2. EVALUATION OF ACTIVITIES FOR ENVIRONMENTAL IMPACT POTENTIAL RECOMMENDED THRESHOLD DECISIONS AND MITIGATION ACTIONS (INCLUDING MONITORING AND EVALUATION)

IUWASH activities involving technical assistance and training programs, analyses, studies, academic workshops and meetings that do not entail laboratory work, field studies or involve actions that directly effect the natural or physical environment are not expected to have adverse impacts on the natural or physical environment and are recommended for categorical exclusions under 22 CFR 216.2(c)(2)(i), 22 CFR 216.2(c)(2)(iii), 22 CFR 216.2(c)(2)(vi), and 22 CFR 216.2(c)(2)(xiv).

IUWASH activities involving field studies and other actions that directly effect the physical or natural environment, including small-scale water and sanitation improvement and/or construction are expected to have some negative impacts on the natural or physical environment and are therefore recommended for a Negative Determination with conditions under 22 CFR 216.3(a)(2)(iii). The conditions are described below and in the attachment 1 to this IEE.

3. RECOMMENDED ENVIRONMENTAL ACTION

3.1 Recommended IEE Determinations

A **Categorical Exclusion** is recommended under 22 CFR 216.2(c)(2)(i), 22 CFR 216.2(c)(2)(iii), 22 CFR 216.2(c)(2)(vi), and 22 CFR 216.2(c)(2)(xiv) are recommended respectively for 1) training, and technical assistance activities, 2) analyses, studies, workshops and meetings activities, 3) document and information transfer, and 4) studies and capacity building activities, to the extent that they do not entail laboratory work, field studies or other action that have a direct impact on the natural and physical environment.

A **Negative Determination with Condition** under 22 C.F.R. 216.3(a)(2)(iii) is recommended for small-scale water and sanitation improvement and or construction work, field studies or other actions that are determined to have a direct impact on the natural or physical environment. The conditions **-in Attachment 1-** are that such activities must undergo an

environmental review, which review shall utilize the attached Checklist, prior to commencement of the activity, to evaluate its potential adverse impact on the environment. The Checklist includes an illustrative list of activities expected to have adverse impacts on the environment, but it is not intended to cover the universe of potential activities under IUWASH. When a potential negative impact is identified, the USAID technical office and USAID implementing partner (as specified in the USAID award) must ensure that all necessary mitigation measures are followed to abate the negative environmental impacts of such activity. This includes, but is not limited to, the requirement to adhere to host country environmental or other rules applicable to the proposed activity and to adhere to internationally accepted standards and best practices. The MEO and, as appropriate, the BEO will be consulted as necessary for specific guidance on necessary mitigation measures, particularly for an activity that is not identified in the Checklist. MEO concurrence on the identified mitigation measures is required prior to the commencement of the activity.

3.2 Mitigation, Monitoring and Evaluation

As required by ADS 204.5.4, the SO team will actively monitor ongoing activities for compliance with approved IEE recommendations, and modify or end activities that are not in compliance. If additional activities that are not described in this document are added to this program, an amended environmental examination must be prepared.

APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED

The Indonesia Urban Water, Sanitation and Hygiene program.

MISSION ENVIRONMENTAL OFFICER CLEARANCE:

MEO: Trigeany date 4/13/09
Trigeany Linggoatmodjo
USAID/Indonesia – Mission Environmental Officer

ADDITIONAL CLEARANCE:

ENV: Alfred Nakatsuma date 4/13/09
Alfred Nakatsuma
USAID/Indonesia – Director of Environment Office

PRO: Christopher Edwards date 4/13/09
Christopher Edwards
USAID/Indonesia – Director of Program Office

RLA: Tanya Nunp date 5/15/09
Tanya Nunp
USAID/Indonesia – Regional Legal Advisor

DDIR: Herminia Pangani date 15 May 2009
Herminia Pangani
USAID/Indonesia – Acting Deputy Mission Director

DECISION OF USAID/INDONESIA MISSION DIRECTOR:

DIR: Walter North date 20/5/09
Walter North
USAID/Indonesia – Mission Director

Approved:

Disapproved:

DECISION OF THE ANE BUREAU ENVIRONMENTAL OFFICER:

ANE: John O. Wilson date 9/3/09
John O. Wilson
ANE Bureau Environmental Officer

Approved:

Disapproved:

IEE Attachment 1: Environmental Mitigation Measures

Category/Activity:	Impact:	Mitigation Measures:
<p>A. Wells and small-scale water activities</p>	<ul style="list-style-type: none"> • Contamination of water with nutrients and bacteria from animal waste • Creation of pools of stagnant water • Change in groundwater flow • Creation of saltwater intrusions • Arsenic poisoning • Mercury poisoning • Water-related infectious diseases • Biological contamination from inadequate protection of wells and water supply points • Contamination of water tanks 	<ul style="list-style-type: none"> • Do not let animals graze or be watered up-gradient from wellhead • Monitor and repair leaks from cracked containment structures, broken pipes, faulty valves and similar structures • On islands and coastal areas, keep withdrawals within safe yield limits to avoid overdrawing, possible salt water intrusion and contamination of the well • Put in place a system for regulating use, such as a local warden or appropriate pricing • Include a focus on proper use and maintenance of the improvement as part of the behavior change and education program • Monitor water levels. • Test water quality before developing the water resource • Test water quality (provide certificate) before starting project • On-going quality monitoring. • Protect wells and water supply points from contaminants • Use new or clean tanks that have not previously contained chemicals/toxic materials • Confirm water is safe for drinking prior to use by testing or history of source
<p>B. Facility is or will include a sanitation improvement</p>	<ul style="list-style-type: none"> • Discharge of untreated or insufficiently treated sewage • Contamination of drinking water (ground and surface) • Spread of diseases • Degradation of aquatic ecosystem 	<ul style="list-style-type: none"> • Do not site in wetland or next to stream, river, lake or well • Do not site up-gradient from potable water sources such as wells, if possible • Do not site where water table is high or underlying geology makes contamination of groundwater likely. Alternatively, choose dry sanitation options or closed disposal systems • instead of wet ones such as septic tanks or detention ponds

<p>C. Pit Latrine</p>	<ul style="list-style-type: none"> • Increase in transmission of vector-borne diseases • Contamination of groundwater supply with pathogens • Contamination of water supplies, damage to water quality and/or transmission of disease at other locations if waste is not properly handled and treated during or after servicing 	<ul style="list-style-type: none"> • Devote adequate attention to identifying and addressing social barriers to using latrine • Use the ventilated improved pit latrine design that traps insect vectors • Evaluate depth to water table, including seasonal fluctuations and groundwater hydrology. The size and composition of the unsaturated zone determine the residence time of effluent from the latrine, which is the key factor in removal and elimination of pathogens. Pit latrine should not be installed where the water table is shallow or where the composition of the overlying deposits makes groundwater or an aquifer vulnerable to contamination • Ensure that a reliable system for safely emptying latrines and transporting the collected material off-site for treatment is used. Ensure that collected material is adequately treated and directly applied to fields or otherwise disposed of improperly
<p>D. Septic Tanks</p>	<ul style="list-style-type: none"> • Contamination of groundwater supply with pathogens • Contamination of surface water supplies with nutrients, biological oxygen demand (BOD), suspended solids (SS) and pathogens (septic tank effluent generally contains relatively high concentrations of pathogens, BOD, and SS) • Contamination of water supplies, damage to water quality and/or transmission of disease at other locations if waste is not properly handled and treated during or after servicing 	<ul style="list-style-type: none"> • Sites selected are on level ground whenever possible; site slope should never exceed 5% • Sites for septic tanks and drainage fields must be a minimum of 100m from any groundwater sources • Septic tanks must be constructed using impermeable materials • Evaluate depth to the water table, including seasonal fluctuations and groundwater hydrology. If water table is too high, line the tank with clay, plastic sheeting or some other impermeable material to prevent leakage • Egyptian law prohibits direct discharge of effluent to waterways • Ensure that a reliable system for safely removing sludge and transporting the collected material off-site for treatment is available. This should include use of a mechanized (probably vacuum-based) removal system • Ensure that collected sludge is adequately treated and not directly applied to fields or otherwise improperly disposed (see Sludge Management)

**USAID INDONESIA URBAN WATER SANITATION AND HYGIENE
GRANTS PROGRAM MANUAL AND IMPLEMENTATION PLAN**

<p>E. Settled and Simplified Sewers</p>	<ul style="list-style-type: none"> • Damage to ecosystems and degradation of surface water quality • Transmission of diseases to field workers and consumers of agricultural products 	<ul style="list-style-type: none"> • Ensure that collected sewage will be adequately treated, e.g., in a wastewater stabilization pond, and not simply discharged to a river or stream or used directly in agriculture or aquaculture. This is especially important for simplified sewerage, since there is no interceptor tank
<p>F. Sludge Management</p>	<ul style="list-style-type: none"> • Damage to ecosystems and degradation of surface water quality • Transmission of disease in handlers and processors 	<ul style="list-style-type: none"> • If possible, choose treatment technologies that do not generate sludge, such as wastewater stabilization ponds • Compost sludge, then use as soil amendment for agriculture • Provide workers with appropriate protective clothing including rubber gloves, boots, long-sleeved shirts and pants. Train workers to wash hands and faces frequently with soap and warm water and make both available • Use WHO guidelines (see Wastewater Use in Agriculture and Aquaculture).
<p>G. Tree planting/ landscaping as part of water resources management</p>	<ul style="list-style-type: none"> • Damage to environment from pesticides and fertilizers • Erosion and sedimentation • Inadequate water supply • Damage to antiquities/nearby buildings due to increased humidity 	<ul style="list-style-type: none"> • Avoid any use of pesticides or excessive use of fertilizers <i>2010 first completion</i> • To the extent possible, plant native vegetation cover • Select vegetation that is adequate with existing water supply • Ensure adequate siting of landscaping activities and buildings and/or sites
<p>H. Drains</p>	<ul style="list-style-type: none"> • Cause erosion • Alter the natural flow of rainwater runoff • Create pools of stagnant water • Potential collapse of pipe due to faulty engineering, material and/or misuse of land • Pipe becomes clogged. 	<ul style="list-style-type: none"> • Use riprap (cobbled stone), gravel or concrete as needed to prevent erosion of drainage structures • Monitor and keep drains clear • Construct according to engineering standards; so heavy construction built on top of pipe. • Use screens for filtration and ensure regular maintenance

PERSYAR (Pesticide evaluation report and safe use action plan).

<p>I. Organic compositing</p>	<ul style="list-style-type: none"> • Minor odorous nuisance and/or increase in insect and flies • Possible wastewater/by-product run-off • Inorganic fertilizers added in or pesticides used in area • Pathogens remain immature due to insufficient time for maturity of compost 	<ul style="list-style-type: none"> • Establish buffer zone between site and inhabitants and locate downwind from inhabitants • Remove any waste by-products to landfill or dump • Ensure proper drainage of wastewater run-off • Avoid any use of inorganic chemical fertilizers or any pesticide • Ensure sufficient time for compost maturation
<p>J. Use of hazardous materials in construction materials</p>	<ul style="list-style-type: none"> • Contamination of ground or surface water when hazardous construction materials are spilled or dumped • Workers at risk from exposure to hazardous materials 	<ul style="list-style-type: none"> • Prevent dumping of hazardous materials. Dispose of water materials that are not reusable/readily recyclable according to Indonesian law • Investigate and use less toxic alternative products

INDONESIA URBAN WATER SANITATION AND HYGIENE

**Mayapada Tower 10th Fl
Jl. Jend. Sudirman Kav. 28
Jakarta 12920
Indonesia**

**Tel. +62-21 522 - 0540
Fax. +62-21 522 – 0539**

**info@iuwash.or.id
www.iuwash.or.id**