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Grants Manual

USAID Agribusiness Project in Serbia

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**USAID Agribusiness Project
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Serbia**

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USAID Agribusiness Project in Serbia Grants Manual

Table of Contents

LIST OF ACRONYMS	
1.	GENERAL DESCRIPTION OF PROJECT 4
2.	GRANTS PROGRAM 4
2.1	Objectives..... 4
2.2	Grants Program Components..... 5
2.3	Grant Terms 8
2.4	Types of Grants and Applicable Conditions 10
2.5	Minimum Eligibility Criteria 14
2.6	Competition..... 14
3.	GRANT PROPOSAL FORMATS, SOLICITATION AND REVIEW PROCEDURES 16
3.1	Categories of Applications and Review Procedures 16
3.1.1	Public Requests for Applications 16
3.1.2	Direct Solicitations for a Specific Activity 17
3.1.3	Unsolicited Applications..... 18
3.2	Request for Applications (RFA) and/or Annual Program Statement (APS) Requirements 18
3.3	Format for Grant Proposals 19
3.3.1	Concept Papers..... 20
3.4	Selection Criteria..... 20
3.4.1	Grants Review Committee..... 21
3.5	Negotiation 22
3.5.1	Cost Analysis 22
3.5.2	Pre-Award Responsibility Determination..... 22
3.5.3	High Risk Organization..... 24
3.5.4	Branding and Marking..... 24
3.5.5	Debarment and Terrorist Financing Searches 24
3.5.6	Environmental Considerations..... 25
4.1	Award Elements 25
4.2	USAID Concurrence..... 26
5.	GRANT AWARD ADMINISTRATION..... 26
5.1	Use and Disposition of Project Income 27
5.2	Cash Disbursements 28
5.3	Language 29
5.4	Termination and Suspension 29
5.5	Monitoring, Reporting, and Audits..... 30
5.6	Records 31
5.7	Publications and Media Releases 31
5.8	Marking under USAID-funded Assistance Instruments 32
5.8.1	Definitions 32
5.8.2	Marking of Program Deliverables..... 32
5.8.3	Implementation of Marking Requirements 33
5.9	Amendments and Extension 33
5.10	Conflict of Interest 33
5.11	Grant Files and Closeout..... 34
6.	GRANT PROCUREMENT PROCEDURES 35
6.1	Allowable Costs/Eligibility Rules for Goods and Services..... 37
6.2	Source, Origin, and Nationality 38
6.3	Equipment..... 39
6.4	Supplies 39
6.5	Travel..... 40
6.6	Participant Training..... 40
6.7	Payment to Host Country Government Employees..... 40
6.8	Use of U.S./International Consultants 41
6.9	Rights to Intellectual Property Produced with Grant Funds 42
ANNEXES 42	

LIST OF ACRONYMS

ADS	Automated Directive System, which is the official written guidance for USAID procedures.
APS	Annual Program Statement
Closeout	The process of documenting the grant files to verify that all performance, reporting, and financial obligations of a grantee have been completed.
CFR	Code of Federal Regulations. The applicable CFR sections for this grant program are: 22 CFR Part 226.21 through 226.90 Administration of Assistance Awards to U.S. Non-Governmental Organizations, as applied and applicable to U.S. and non-U.S. recipients.
COP	Chief of Party
CTO	USAID Cognizant Technical Officer
DAI	Development Alternatives, Inc.
FOG	Fixed Obligation Grant
LSGA	Limited Scope Grant Agreement
NGO	Non-Governmental Organization
USAID	United States Agency for International Development

I. GENERAL DESCRIPTION OF PROJECT

USAID Agribusiness Project is authorized in accordance with the U.S. Foreign Assistance Act and USAID under task order #EDH-I-00-05-00004-00.

The overall objective of the USAID Agribusiness Project is: “Increased value of Serbian agricultural product sales, and increased agricultural employment.” The USAID Agribusiness Project will achieve this objective by increasing the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in the high-potential sectors identified during the sector selection and analysis, and upon USAID’s approval. These agribusiness enterprises will be assisted to take advantage of emerging opportunities in domestic, regional and international markets.

Increased efficiency and competitiveness of Serbian agribusinesses in selected high-potential sectors will be achieved through the range of activities specifically seeking to increase the competitiveness of input suppliers, producers, processors and wholesalers in domestic, regional and international markets by increasing their access to agribusiness development services. The USAID Agribusiness Project will help these agribusiness enterprises build and improve their business and production, financial and technical management skills to identify markets; to access financing, and negotiate and fulfill contracts and purchase agreements.

Increasing Serbian agribusiness competitiveness, however, requires a positive enabling environment, which includes favorable legislation and policies, as well as effective provision of essential agribusiness extension services such as market information, annual agriculture production estimates, animal and plant health and food safety, as well as regulatory oversight e.g. licensing, labeling, standards, product certification, etc. The USAID Agribusiness Project will engage available resources to encourage and facilitate public-private collaboration as to improve the agricultural information dissemination, support legislative, policy and regulatory reform efforts.

To achieve all these goals, the USAID Agribusiness Project will deliver technical assistance, education and grants to facilitate increased enterprises’ efficiency and competitiveness all along the agriculture production, processing and marketing value chains. Achievement of the core objectives of the USAID Agribusiness Project will be primarily measured by increases in:

- Agricultural GDP;
- The total value of agricultural exports; and
- Employment in agricultural processing and services.

2. GRANTS PROGRAM

2.1 Objectives

The USAID Agribusiness Project will utilize the \$3 million Grants Program to augment the project’s objectives and to support activities emerging from the value chain assessments and the selected sub-sector strategies.

The Grants Program shall be administered in accordance with provisions contained in ADS, Section 302.5.6, “Grants Under Contracts,” ADS Chapter 303, “Grants and Cooperative

Agreements to Non-Governmental Organizations,” and/or within the terms of the USAID Standard Provisions applicable to Non-U.S. Non-Governmental Recipients. Information on these provisions can be accessed through the USAID external website at www.info.usaid.gov "Business & Procurement" section.

The value of any individual grant to any organization/project's beneficiary shall not exceed \$100,000, and it should be fully disbursed within one year of grant award.

In corresponding to the core objectives of the USAID Agribusiness Project to increase the efficiency and competitiveness of Serbian agribusinesses, the following three major grant components are envisioned:

1. Investment Incentive Grants
2. Capacity Building Grants for Producer Organizations and ABDS Providers
3. Youth Grants

The purpose of this updated version of the Grants Manual is to provide specific implementation guidance for the Grants Program effective October 1, 2008 i.e. awarding, administering and monitoring grants, as to ensure that the Grants Program is managed in a consistent and efficient manner, programmatic impact is maximized and objectives are achieved.

The policies and procedures contained in this Manual may be subject to change, with approval of USAID. Any questions regarding the grant policies and procedures should be directed to the USAID Agribusiness Project Grants Manager.

2.2 Grants Program Components

2.2.1 Investment Incentive Grants

Investment Incentive Grants are designed to increase the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in the six high-potential selected sub-sectors by leveraging private investment in infrastructure, technology, value-added processing, and marketing by producer organizations, agribusiness firms, and ABDS providers. However, these grants are not intended to substitute for available commercial finance; award conditions must include that the recipient is not able to secure credit for the purposes and timeframe contemplated, and that the grant does not interfere with the development of credit markets.

Investment Incentive Grants would normally complement technical assistance and education, and may include such things as machinery and equipment, construction and/or rehabilitation of packing plants and cold storage units, irrigation systems, green house technology, or other items or services that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive development to another. Investment Incentive Grants shall target producer organizations, ABDS providers and private enterprises; and shall not favor one producer or business interest over another.

Investment Incentive Grants will be available in the following three award categories:

i. Producer Organization Grants

This category focuses on large-scale productive investments by producer organizations (cooperatives, associations) in agricultural production, processing and storage. Eligibility requirements include formal registration of the organization, basic financial statements, and an organizational mission that serves a public or quasi-public purpose or multiple beneficiaries. Grants may not exceed \$100,000 in amount, or finance more than 50% of the total required investment.

ii. Enterprise Expansion Grants

This category focuses on leveraging resources to expand the operations of existing agribusiness firms and enterprises (including those owned by producer organizations). Eligibility requirements include formal registration of the business, and at least two years of financial reports (balance sheet/income statement). Grants may not exceed \$70,000 in amount, or finance more than 50% of the total required investment.

iii. Agribusiness Startup Grants

This category focuses on encouraging and enabling innovative new business startups (0-3 years old). Eligibility requirements include formal registration of the business. Grants may not exceed \$40,000 in amount, or finance more than 60% of the total required investment.

In certain situations where significant employment and other economic benefits may come as a result of a grant, USAID Agribusiness Project may finance up to 70% of the total required investment. However, in no circumstances USAID Agribusiness Project's share shall exceed \$100,000.

Pursuant to the recommendations provided by Mr. Gary Kilmer, Principal Development Specialist of DAI, pertaining to the original voucher grant award category within the Investment Incentive Grant component, USAID Agribusiness Project has decided to change its approach, and to strengthen the ABDS delivery within the grant components described herein. Such approach will be both more cost effective and more appropriate than implementing a stand alone "voucher" program, which in its traditional form is more appropriate for providing standardized low cost services to a large number of micro and very small businesses.

2.2.2 Capacity Building Grants for Producer Organizations and ABDS Providers

Capacity Building Grants for Producer Organizations and ABDS Providers are designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers as to improve their management and operational capacity. As for the specific activities, these grants will be used to support creation and capacity building of the targeted food industry associations and producer organizations to provide general benefit services. These associations and organizations can be at a national level, or at a regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants will target the associations in the project's selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders.

The grants will not cover any operating expenses for established associations, but will focus on building the capacity of the associations to carry out their functions e.g. agriculture extension services, business advisory, financial management consulting, joint sales, etc.

However, for brand new associations, the grants could cover up to one year of operating funding (essentially a pilot phase), while they are getting established and building up their track record, with a strong commitment from the association members to cover the expenses in the period after first year e.g. a five-year operational plan accepted by all association's members or similar.

USAID Agribusiness Project will utilize these grant funds to assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, including firms to adopt new technologies and practices to promote increased productivity and efficiency; management services to assist firms to develop business and operational plans, strategies, and new ways of working; financial services to train firms in accessing credits and managing their financial accounting systems; and marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad and to finalize new sales.

These funds will be used to support food industry associations and local firms to participate in national and regional agricultural trade shows and fairs, and the study tours. The funds will be used to cover the costs of the preparatory training programs for participants, as well as preparation of the marketing material, business-to-business meetings around the fairs, etc. These funds shall not be used to cover lodging, travel and per-diem expenses for the trade fair participants; however, the funds may be used to cover up to 70% of such costs for study tours.

USAID Agribusiness Project will provide the grant funds to the qualified agricultural producers and processors registered in Serbia for the necessary training/consulting services and certification for GlobalGAP, ISO 14001 and ISO 22000 standards.

2.2.3 Youth Enterprise Grants Program

Youth Enterprise Grants Program is designed to encourage and promote youth entrepreneurship by supporting youth enterprise clubs, and using informal education approaches to provide practical skill training in agribusiness development and management. The program is intended to introduce young people (general age range is from ages 15-24) to agribusiness technical, financial, and business management principles.

Youth Enterprise Grants will be awarded on a competitive basis. The idea is to invite youth through a public Request for Application (RFA) to submit original business ideas and creative business solutions in the form of an abbreviated business concept paper (the USAID Agribusiness Project shall provide the application form) in a first phase competition.

Initial concept applications shall be subject to a panel review, which includes the USAID Agribusiness Project staff, as well as interested public, private and financial sector stakeholders and youth organizations, as an option. The most promising applications will be selected to receive individual technical assistance and mentoring to develop detailed business and investment plans.

These detailed plans will be submitted for final review at the panel, which will include USAID, in addition to the initial panel members. The winners of the competition will be rewarded with business startup grants.

The grants shall not be disbursed until the business is registered, and may not exceed \$15,000 in amount. However, in this category grants may finance up to 100% of the total required investment.

The USAID Agribusiness Project will explore opportunities for leveraging Youth Enterprise Grant funds with the funds provided by Serbia National Employment Agency, National Investment Plan, etc. Whenever possible, USAID Agribusiness Project will award youth enterprise grants as to contribute to the competitiveness of the selected sectors.

Youth Enterprise Grants Program will be managed by Ivana Petrovic, Youth/Gender Director.

2.3 Grant Terms

This section should define any particular grant terms as they pertain to the USAID Agribusiness Project.

USAID Agribusiness Project may not award any grant that exceeds 100,000 USD or for a period that extends beyond the estimated completion date of the USAID Agribusiness Project. The terms of all grants shall allow for an orderly close-out prior to the expiration date of the Contract.

Grant recipients will be local (Serbian) Non-U.S., Non-Governmental organizations, both for-profit and non-for-profit, e.g. producer organizations (farmer cooperatives and associations), business associations, professional organizations, research institutions, educational facility, agribusiness enterprises and individual firms engaged in agricultural input supply, processing, service provision, marketing, storage, branding, transport, etc. whose proposed activities meet the USAID Agribusiness Project's eligibility and evaluation criteria, as well as contribute to project results.

Grant recipients must be registered under Serbian law, and their organizational goals and objectives should be consistent with the objectives of USAID Agribusiness Project. However, certain capacity building grants for informal producer organizations aimed at improving their organizational and management capacity towards formal registration may be considered on an exceptional basis.

The following specific eligibility criteria shall apply to all potential grantees, with the exception to the youth enterprises:

- A sub-sector value chain actor(s) registered under Serbian law;
- Demonstrated experience or capacity in the market- linkage capacity building or related activities or show evidence of institutional capability in the above said area;
- Ability to obtain the necessary management competence in planning and carrying out assistance program;
- Be an organization capable to practice cost sharing (matching) principle in cash or in-kind.

Single agriculture producer i.e. a small farmer, individuals, political organizations, foreign-owned and government institutions, and religious groups are not eligible for grants under the USAID Agribusiness Project without prior approval of USAID. Also ineligible are private agribusinesses and Non-Governmental organizations whose objectives are not consistent with the objectives of USAID Agribusiness Project that would be recommending the grant for approval.

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by DAI (the "Separate Account"). DAI 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 CTO. 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.

Grants will be structured, timely, quantified, and, whenever possible, used in combination with and in order to leverage other financial resources, including cost-sharing with grantee funds and in-kind contributions. Additionally, grants:

- May be awarded for variable amounts but not to exceed \$100,000, and for variable periods not to exceed one year for small grants (or full justification is needed if extended beyond 12 months), or the task order completion date for standard grants;
- May come under one or multiple categories of assistance;
- May cover all or only a portion of specific activities or costs; and
- May be used to cover direct project costs such as honoraria, consulting fees, stipends, local travel and per diem, data collection, analysis, communication and document preparation, workshops, conference and training participation, equipment, and other costs as may be approved; salaries, however, shall be provided only to those individuals directly involved in the research, study or other activity as approved by USAID

Cost-sharing or matching refers to that portion of project or program costs not borne by USAID Agribusiness Project. All contributions, including cash and 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. In accordance with 22 CFR 226.24, program income may be used to finance the required cost-share portion of the grant award.

It is usually expected that the grantee will make some contribution to the activity for which they are seeking funding. This can be either in-kind (such as labor and materials) or cash. The purpose of the matching requirement is to leverage additional resources towards achieving the program's objectives and to give the grantee a stake in the outcome of the activity.

For the USAID Agribusiness Project, matching contributions in cash or in-kind from non-USAID sources should generally operate between 30 percent and 50 percent of the value of the total activity being supported by the grant. For Youth Enterprise Grants, however, grants may finance up to 100% of the total required investment.

Where possible, USAID Agribusiness Project will assist the grantee to identify and facilitate cost sharing mechanisms. USAID Agribusiness Project will provide an accounting of the final value of the project and the percentage of overall project costs represented by grantee (or beneficiary) cash, labor, materials, equipment or support services, which will be included in the grant file. In cases where the Grantee (such as a local NGO) is implementing a project on behalf of the direct beneficiaries, then the Grantee, along with the USAID Agribusiness Project's assistance, should help the beneficiaries in identifying appropriate and reasonable cost sharing mechanisms. 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).

All grants awarded under the USAID Agribusiness Project's grant program shall include the following standard clause:

The Contractor/Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the contractor/recipient to ensure compliance with these Executive Orders and laws. This provision must be included in all sub-contracts/sub-awards issued under this subcontract/agreement.

All grantees will be required to sign the following certificates attached as Annexes H, I, J and K:

- Certification Regarding Anti-Terrorism Financing
- Certification Regarding Debarment, Suspension and Other Responsibility Matters
- Certification Regarding Drug-Free Workplace Requirements
- Anti-Trafficking Activities

Support of international travel or the purchase of equipment having a useful life over one year and an acquisition cost of \$5,000 or more may be authorized as long as the applicable grant type and its applicable Standard Provisions will allow.

All grants must be fully consistent with the USAID Agribusiness Project's strategies and priorities. The USAID Agribusiness Project ensures adequate coordination with implementing partners and other donor-funded interventions to avoid duplication of effort.

2.4 Types of Grants and Applicable Conditions

There are six basic grant types: Simplified Grant, Fixed Obligation Grants (FOG), Standard Grant, In-Kind Grant, Grant to PIOs, and Limited Scope Grant Agreement (LSGA). The following three types of grants cut across recipient categories: Simplified, FOG and In-Kind Grants. The descriptions in the sections below are aimed at helping project management to determine which format, given its associated requirements and parameters, is appropriate and practical for each grant activity.

The requirements for the grants to Non-US Non-Governmental Organizations are contained in several applicable federal regulations and USAID administrative standards. These regulations 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>;
- 22 CFR Part 226, in particular 226.20 through 226.28, <http://www.usaid.gov/policy/ads/cfr.html#22>;
- 22 CFR Part 226, on Source, Origin and Nationality, and
- Section 579 Reporting on Payment of Foreign Taxes, <http://www.usaid.gov/policy/ads/300/updates/iu3-0314.pdf>.
- FAR 31 Contract Cost Principles and Procedures

2.4.1 Simplified Grants

A. Overview

The simplified format is used only when the grant meets the following conditions (per ADS 303.3.24):

1. The total value of the grant does not exceed \$100,000 for U.S. organizations and \$250,000 for non-U.S. organizations;
2. All costs to be charged to the grant are identified in the grant text and do not include international airfares or indirect costs;
3. Any goods to be purchased by the grantee meet the rules governing local cost financing and geographic code and do not include ineligible or restricted goods, and no single item having a useful life of over one year and an acquisition cost of \$5,000 or more shall be purchased;
4. The grant includes language requiring the grantee to allow Contractor access to its records for up to three years, and that the grantee will refund to the Contractor any funds it received for any costs that did not meet the terms and conditions of the grant;
5. Sub agreements, if any, must meet the same conditions listed here for simplified format grants;
6. The grantee is required to sign the applicable certifications listed in ADS 303.3.8;
7. The recipient shall receive payments on a reimbursement basis (i.e., no advances are allowed); the grantee must also demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant is cost reimbursable upon presentation of receipts;
8. No indirect costs are allowed.

In exceptional cases, the USAID Agribusiness Project may modify the format for simplified grants for non-U.S. organizations to include support of international travel (#2) or the purchase of equipment (#3), as long as the applicable standard provisions for those types of activities are attached to the grant award. An additional requirement for inclusion of international travel in the grant agreement is that it may only be included after prior consultation with the USAID Contracting Officer.

B. Disbursement

Simplified grants are cost reimbursable agreements whereby USAID Agribusiness Project will reimburse the grantee for costs. Because these are reimbursement agreements, the grantee will not receive payment until after presenting receipts showing actual costs. USAID Agribusiness Project will structure the payments so that there is no possibility of the grantee expending less than the amount received. Grantees may not receive more than 90% of the total budget amount prior to submission of the final program report, final financial report, and any required certifications. Upon submission of these documents, USAID Agribusiness Project will issue the final payment.

2.4.2 Fixed Obligation Grant

A. Overview

If appropriate, the USAID Agribusiness Project has the option of utilizing the fixed obligation grant format. This format allows for the award of a grant for very specific program elements without the requirement of the USAID Agribusiness Project monitoring of the actual costs subsequently incurred. It is intended to support specific projects where costs are certain, and where the accomplishment of grant "milestones" is readily discernible.

A discussion by the Grants Manager of the appropriateness of this type of grant and appropriate project milestones must be included in the documentation of the grant negotiations. Partial payments may be made upon demonstration of achieved results, and payment amounts should reflect the relative value of the benchmarks achieved. Payment is always made on a reimbursement basis upon completion of a milestone i.e. no advances are allowed.

B. Fixed Obligation Format Requirements

The Grants Manager must ensure the appropriateness of issuing a fixed obligation grant based on the following factors:

1. The grant meets the applicable conditions of the Simplified Grants listed under 2.4.1 above;
2. Programmatic accomplishments or results are easily identified and quantified, and are established in grant milestones;
3. There is very limited risk that the project will undergo significant changes;
4. There is adequate cost information (historical or unit pricing) available to determine and negotiate the fixed price of the grant;
5. Negotiations ensure to the extent possible that the funds budgeted will be the actual cost of the effort and that no funds will remain upon completion of the project;
6. USAID Agribusiness Project must be satisfied that this type of grant fits within the objectives of the project, and USAID Agribusiness Project will not use it as an alternative way of awarding to a High Risk Grantee. The Grants Manager or his designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation;
7. Grantees will be informed, through a clause in the grant format, of the right of DAI to terminate the grant in whole or in part, or suspend payments, should the grantee become insolvent during performance of the award;

8. At the end of the grant, grantees must certify in writing to DAI that the activity was completed. If the grantee cannot certify completion, or if DAI determines that the activity was not completed, it is expected to make appropriate refunds; and
9. While the grant is fixed price, the grantee must demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant becomes directly reimbursable, if at any point the milestones are not fully completed.

C. Fixed Obligation Grant Implementation Plan

Once use of the fixed obligation grant format has been approved, a detailed implementation plan will be developed by the grantee, in collaboration with the USAID Agribusiness Project’s grants or technical personnel, in order to finalize the milestones and budget. The implementation plan will include:

1. Result or results to be achieved (measurable goals);
2. Responsibilities and contributions of each party to the grant;
3. Well defined milestones and verification requirements for each achieved milestones (including analyzed costs);
4. Type of payment mechanism (in-kind or reimbursement payment to grantee) and payment amounts per milestone; and
5. Timelines for achievement of results and deliverables.

D. Disbursement

All disbursements under Fixed Obligation Grants will be made upon the submission of evidence that a milestone 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 identify and mitigate the spread of zoonotic disease
 Budget: \$7,500 USD

Milestone	Description	Disbursement
1	Work-plan drafted and approved	\$2,500
2	Packet of zoonotic disease 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)
		\$7,500

Discerning the milestones in FOGs is very important. While achievement of a milestone is necessary to trigger a disbursement, it is not necessary to make a disbursement for every milestone.

2.4.3 In-Kind Grants

In some circumstances USAID Agribusiness Project may elect to use an In-Kind disbursement in support of a Simplified Grant. Goods and services will be purchased directly by USAID Agribusiness Project while working closely with the grantee and then delivered to the grantee or the grant activity. Procurement will be done in accordance with DAI's procurement regulations; purchase contracts with vendors will be co-signed by the grantees and USAID Agribusiness Project.

Such an approach is useful when the Simplified Grant format is the most appropriate format overall, but the purchase of a single item (goods and/or services) inhibits the use of a Simplified Grant due to the fact that the grantee does not possess the cash on hand to make such a purchase. In this circumstance, USAID Agribusiness Project will proceed with the Simplified Grant while including a single In-Kind transfer under the auspices of the original grant. If the grantee receives such an In-kind transfer, the Standard Provision on Title to and Use of Property referred to above must be followed.

This type of grant will be appropriate when the grant includes an expensive piece of equipment or machinery, or other goods and services that grantee cannot purchase from its own resources. In the case that the grantee does not have sufficient capital to make this purchase and wait for reimbursement, USAID Agribusiness Project may choose to use an In-Kind disbursement for that particular item, while the grantee continues to seek reimbursement for other, smaller expenses under the same grant. In most cases, this mechanism will be used for Investment Incentive Grants that involve an agribusiness start-up or Youth Enterprise Grants, given that these grantees are not likely to have large amounts of available capital.

2.5 Minimum Eligibility Criteria

Grants may be awarded on both a solicited and unsolicited basis. In order to meet minimum eligibility criteria for grant competition, proposals must:

1. Meet at least one of the USAID Agribusiness Project objectives and principles noted above under General Description of Project and the project-level indicators provided in the Performance Monitoring Plan.;
2. Contain expected outcomes and results consistent with and linked to USAID Agribusiness Project's objectives;
3. Be submitted by a Serbian organization (both for-profit and non-profit that is registered under Serbian law);
4. Contain evidence of a significant cost share commitment in most, but not all cases.

The USAID Agribusiness Project staff will screen all concept papers and applications to ensure compliance with all eligibility requirements prior to forwarding the materials as necessary.

2.6 Competition

The competition requirement is met when an announcement has been published according to the procedures outlined in this manual. Recommendations for awards are made following an impartial review and evaluation of all applications (see Section 3.4).

It is the USAID Agribusiness Project's policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Establishing a two or more tiered level of competition (i.e., prequalification round) is in keeping with this policy, as long as applications are reviewed in a fair manner at each level. Competition may also be limited to local or regional organizations for appropriate projects.

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 an existing USAID Agribusiness Project strategic objective 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 DAI 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.
- **Small Awards.** Awards with an estimated total amount of \$100,000 or less and with a term of no more than one year. The award cannot be amended to add funds in excess of \$100,000 or extended beyond one year. The grant file must justify how the award meets the exception.
- **Critical Objectives of the Program.** When circumstances are determined to be critical to the objectives of the USAID Agribusiness Project, or when the non-provision of a specific grant would impede the achievement of the USAID Agribusiness Project's results and/or the fulfillment of U.S. foreign assistance objectives, USAID may formally waive competition requirements.
- **Local Competition.** Competition may be limited to local or regional (indigenous) organizations. If a competition is limited to local or regional organizations U.S. organizations may not compete for award unless the program is re-advertised to provide all U.S. organizations with a fair opportunity to compete for award.

In accordance with ADS 303.3.6.5, noncompetitive awards must be justified in writing, to the satisfaction of the USAID Agreement Officer. Pursuant to the Grant Terms, all grant awards within the USAID Agribusiness Project may be considered Small Awards.

3. GRANT PROPOSAL FORMATS, SOLICITATION AND REVIEW PROCEDURES

3.1 Categories of Applications and Review Procedures

Applications for grants will fall into one of three categories:

- a. Applications solicited through public notification (see 3.1.1) for a specified program or support activity;
- b. Applications solicited directly (see 3.1.2) from selected potential grantees (NGOs, PIOs, etc.) for a specific activity; and
- c. Unsolicited applications (see 3.1.3).

All grants will require an application and will undergo a review and approval process. All grant applications, whether funded or rejected, shall be retained on file.

Review procedures may vary slightly among the three categories of grant applications. Additionally, all information received from applicants shall be considered proprietary and held in strict confidence by those individuals who review it to protect the integrity and privacy rights of the grant applicant.

The members of any review panels, as well as any staff involved in the review/approval, shall not have any conflicts of interest or the appearance of such with regard to the organizations whose applications they will be reviewing. An individual shall be considered to have the appearance of a conflict of interest if that person—or that person's spouse, partner, child, close friend or relative—works for, is negotiating to work for, or has a financial interest (including being an unpaid member of a Board of Directors) in any organization which submitted an application under the review panel's review, or, contributed on any level to any component that resulted in a grant award. In such cases, the panel should carefully review the situation, consult USAID's Regional Contracting Officer and legal advisor, and in coordination with USAID Cognizant Technical Officer, determine the appropriate action required to avoid or mitigate such conflict and ensure impartiality in the award of grants under the program. Members of the review panel should neither solicit nor accept gratuities, favors, or any other types of gift from parties to sub-agreements.

3.1.1 Public Requests for Applications

The USAID Agribusiness Project will publish an RFA for certain types of grants. Specific evaluation criteria and a methodology will be established as part of the RFAs, and the following procedures will be followed:

- a. RFA Preparation. The RFA document will be prepared and approved by the Grants Manager or his designee in coordination with the COP or Deputy COP and the DAI Contracts Office (see Section 3.2 for additional information on the contents of the RFA).
- b. Public Notice. A notice will be made in at least three newspapers with widespread distribution, in relevant local newspapers as well as in electronic media.

- c. RFA Distribution. The RFA will be distributed to all organizations that request it. Applications will be due according to the due date(s) listed in the RFA with the possibility of any extension published in the same newspaper(s) as the RFA.
- d. Proposal Development. Applicants will develop their proposals. For two-stage applications, after the Concept Paper Review Panels recommend projects for full proposal development, the USAID Agribusiness Project staff will work with selected potential grantees to develop their proposals. At this time, the USAID Agribusiness Project staff will also conduct a pre-award assessment.
- e. Clarifications. As necessary, USAID Agribusiness Project will provide written answers to written questions from applicants during the proposal process. During evaluation, the Grants Manager or his designee will make any requests for clarifications and/or additional information from applicants needed for the review panel to evaluate and make recommendations. It is expected that the time frame for clarifications during the proposal process and the evaluation process will be less than one week.
- f. Grants Review Committee Final Recommendation and Final Concurrence. The Review Committee will evaluate the proposal submissions and make a recommendation to fund, not fund, or take any other action. The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual. Upon receipt of the necessary concurrence, the Grants Manager may negotiate and process the grant agreement(s).

3.1.2 Direct Solicitations for a Specific Activity

The USAID Agribusiness Project staff may solicit applications for grants for a specific activity that supports the project's technical assistance and/or training activities as described herein. The USAID Agribusiness Project staff, in consultation with the Grants Manager and COP or his designee, will proceed in identifying candidates and selecting grant activities in accordance with the following procedures:

- 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, and provide a list of potential grantees with the capacity to carry out the identified program.
- b. Definition of Objectives. Define a set of objectives for the activity and submit the requirements and supporting documentation to the Grants Manager for preparation of the corresponding RFA.
- c. Grants Review Committee. The Review Committee will evaluate applications based on the criteria established and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.
- d. Final Concurrence. Upon receipt of the necessary concurrence, the Grants Manager may negotiate and complete the grant agreement(s). The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual.

As necessary, USAID Agribusiness Project will ensure USAID Cognizant Technical Officer participation in all stages of the process.

3.1.3 Unsolicited Applications

Unsolicited applications for grants to do activities that support the broad objectives of the project will be reviewed on an ongoing basis. The USAID Agribusiness Project staff, in consultation with the COP or Deputy COP, will proceed to screen application(s) and recommend grantees for concurrence in accordance with the following procedure:

- a. Application Screening. Staff will screen applications based on the minimum eligibility requirements and forward eligible grant applications to the Grants Manager).
- b. Grants Review Committee. The Review Committee will evaluate applications based on the objectives of the project and prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.
- c. Final Concurrence. Upon receipt of the necessary concurrence, including USAID CTO's concurrence, the Grants Manager may negotiate and complete the grant agreement(s). The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual.

3.2 Request for Applications (RFA) and/or Annual Program Statement (APS) Requirements

The Contracts Office can provide a template for developing an RFA and should be consulted if additional questions arise. At a minimum, all RFAs shall contain (see ADS 303.3.5.3 for more details):

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, if any, which the applicant is expected to meet. The level of detail in the program description will depend on the requirements of the strategic objective.
2. How the award will be administered. For non-U.S. organizations, the RFA must state the Standard Provisions for Non-U.S. Nongovernmental Recipients will apply. 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. Instead of attaching complete copies of 22 CFR 226 and the OMB Circulars to the RFA, the RFA directs applicants to the source where they may obtain copies (for example, indicate the name of the person they may contact, or the USAID homepage address on the Internet, or other Internet addresses).
3. An estimate of funds available for the RFA/APS and number of awards anticipated, including a statement to the effect that DAI reserves the right to fund any or none of the applications submitted.
4. Expected duration of USAID Agribusiness Project's 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. Any funding restrictions (such as limitations on direct costs or no indirect costs, etc.) and whether or not the award will or will not allow the reimbursement of pre-award costs.
12. The selection criteria used to evaluate applications, including an indication of their relative importance.
13. 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).
14. Description of the review and selection process.
15. What a successful applicant can expect to receive following selection.
16. Requirements and expectations regarding reporting.
17. Information regarding points of contact for questions.
18. Statement to the effect that DAI/USAID reserves the right to fund any or none of the applications submitted.
19. Any other relevant information.

An APS must conform to requirements listed in ADS 303.3.5.4.

If USAID directs USAID Agribusiness Project to address environmental concerns in the activity, USAID Agribusiness Project must incorporate these and state any such requirements in the RFA or APS.

RFAs/APSs must be filed with related documents. Please see Section 5.11, “Grant Files and Closeout” and Annex G for a detailed description of the proper filing system.

3.3 Format for Grant Proposals

The format for proposals will vary in accordance with the technical specifications and kind or type of grant (see Annex O for a sample Grant Application). In general, the grant application should include the background information, project description with the clearly defined goals, objectives and results linked to the project activities; beneficiaries; monitoring and evaluation plan and a follow-up; project work plan (including milestones for a FOG); project timeframe; list of team members and their resumes; projected grant budget and budget notes; proposed disbursement/reimbursement plan; statement of cost sharing (including a breakdown of the applicant’s contribution in money or in kind); as well as other attachments that could include registration documents, financial capability questionnaire, certificates, reference letters, etc. All grant applications must be provided in English language.

If USAID Agribusiness Project decides to require cost sharing, it must state the requirements in the competitive announcement. Further information on including cost sharing in RFAs and APSs and on evaluating cost sharing can be found in ADS 303.3.10.3.

For all types of applications, USAID Agribusiness Project will provide more detailed instructions regarding proposal requirements.

3.3.1 Concept Papers

Prior to submitting a full grant application, the eligible applicants are advised to submit a concept paper (see Annex N).

Following USAID Agribusiness Project's receipt of a concept paper and based on the review committee output, a response will be sent to the applicant within 14 days. In this period an USAID Agribusiness Project Technical Advisor/Program Specialist will review the concept paper and gain a permission of the Chief of Party and the CTO to advise the applicant on how to develop a full grant application.

If the response requests a full grant application, the applicant will be required to work closely with USAID Agribusiness Project Technical Advisor/Program Specialist and the Grants Manager as to prepare and submit a formal grant application. USAID Agribusiness Project staff involved in this process should follow the USAID and Federal regulations dealing with the grant award finance and administration issues i.e. determination should be made at early stage whether potential project costs are reasonable, allocable and allowable.

The precise format for submission of a grant application depends on the type of grant, and the applicant will be advised about this issue accordingly.

The applicants must be aware that requests to submit the grant applications following review of concept papers is not necessarily an indication of likelihood of grant award.

3.4 Selection Criteria

Grant applications that meet minimum eligibility criteria (see Section 2.5) will be reviewed and awarded based on selection criteria, which could include but not limited to:

1. Demonstrated capacity of organization, including sound financial practice, in areas pertaining to the proposed activity;
2. Responsiveness to need;
3. Potential for impact;
4. Demonstrated likelihood of proposed activity to further project objectives;
5. Appropriateness and feasibility of project activities within the proposed timeframe and budget.

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

¹ Further guidelines are provided in the Grants Manual under Section 6. Grant Procurement Procedures

3.4.1 Grants Review Committee

Grants will be awarded by the USAID Agribusiness Project Grants Review Committee (herein and after the Committee). The Committee members will consist of a USAID Cognizant Technical Officer designated for this activity, the Chief of Party, the Operation Director and/or the Deputy Chief of Party, the Grants Manager (a non-voting member), Environmental Specialist, Finance Director and at least one of the USAID Agribusiness Project's Technical Advisors/Specialists, preferably involved in the sub-sector assisted by a reviewed grant. Delegation of this authority to other persons not officially occupying these positions is not permitted. USAID must provide a 'no objection' to each grant.

A quorum of the Committee will consist of at least two USAID Agribusiness Project senior staff (one of which must be either the Chief of Party or the Deputy Chief of Party) and the USAID Representative. Decisions of the Committee will be made by majority vote of the members participating in a meeting. The USAID CTO has no vote, but does have veto power over Committee decisions.

The Grants Manager's responsibility is to provide all needed background information and written instructions, in the form of Grants Review Committee Record, to the individuals participating in the review. The Grants Manager must also ensure that all of the rules and regulations in this Manual are carried out in all phases of the grant award process. The Grants Manager and/or a Technical Advisor/Specialist must also respond to any requests made by the Committee for additional information, further studies, etc.

The Committee shall:

- a) Review and approve the grant proposal
- b) Review and ask changes and amendments to be made
- c) Reject the grant proposal in whole after reviewing

In the cases a) and b) and after the necessary changes and amendments are done; Grants Manager will resubmit the grant proposal to the Chief of Party for approval. Once the grant proposal is approved, Grants Manager generates an appropriate grant agreement (see Annexes 1 and 2) to be reviewed and signed by the Chief of Party.

By signing the grant agreement, the Chief of Party shall confirm:

- That all budgeted costs have been verified as allowable, allocable and reasonable.
- That the implementation plan and detailed benchmarks and disbursement schedule are complete, realistic and accurate.

DAI/Bethesda must approve the grant applications in excess of \$25,000 (USAID Agribusiness Project share) prior to the grant award.

The format of grant agreement must conform to the grant format appropriate to the nature of the grant and kind of grantee receiving the grant. It must be clearly indicated whether the grant is one of the following: Fixed Obligation Grant, Simplified Grant Format or In-Kind Grant.

Signed Grant Agreement is entered into the database.

3.5 Negotiation

3.5.1 Cost Analysis

Each cost element of the program description shall be reviewed by the Grants Finance Officer for reasonableness allocability and allowability in accordance with the applicable cost principles for U.S. Federal government grants. The extent of the cost analysis will vary among grant types and should be determined by the Director of Finance, in consultation with the Grants Manager, on the basis of the nature of the program, past experience with the applicant, and the amount and type of costs involved.

Specifically, the cost analysis 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 with 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 special conditions, if any, relating to costs that are placed in the award.

If necessary, USAID Agribusiness Project will negotiate the budget to ensure that costs are realistic and reasonable. 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 (please see Annex B for a sample Memorandum of Negotiation). Note: If the grant is a FOG, the Grants Manager or his designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation and/or Grant Review Committee Record.

If program income 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 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.

In cases where DAI awards a grant to for-profit entities, DAI will avoid the direct receipt or deposit of grantee program income to a DAI-controlled bank account under the grants program. If award of a grant to a for-profit entity becomes necessary, the advice and guidance of the DAI/Bethesda Contracts Office shall be sought, also, prior USAID CTO approval will be obtained before opening discussions with the prospective for-profit grantee(s).

3.5.2 Pre-Award Responsibility Determination

The recommendation or selection of an application in accordance with established procedures does not guarantee an award. All applicants 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. While 22 CFR 226 does not cover awards to non-U.S. recipients, USAID Agribusiness Project shall rely on the standards established in that regulation in determining whether potential non-

U.S. recipients are responsible. To assist in making this determination, USAID Agribusiness Project staff shall conduct a survey using a financial capability questionnaire that would generally include a review of the applicant's recent audited financial statements, projected budget, cash flow, and organization chart, and applicable policies and procedures (e.g., accounting, purchasing, property management, personnel), if appropriate. The level of scrutiny and review required shall be proportional to the complexity of the grant program contemplated and the total amount of the grant.

In cases that require further information, USAID Agribusiness Project may also verify financial responsibility and institutional capability by inspections, letters from other donors, and/or on-site visits.

As mentioned, the cost analysis, pre-award determinations, and negotiation process must be documented in a Memorandum of Negotiation (please see Annex A for a sample Memorandum of Negotiation). The written determination of the applicant's responsibility should confirm that the applicant:

- Has adequate financial resources, or the ability to obtain such resources, as required during the performance of the award;
- Has the ability to meet the award conditions, taking into consideration all existing prospective recipient commitments, nongovernmental and governmental;
- Has a satisfactory record of performance. Generally, relevant unsatisfactory performance in the past is enough to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance, or the applicant has taken adequate corrective measures to assure that they will be able to perform satisfactorily;
- Has a satisfactory record of business integrity; and
- Is otherwise qualified to receive an award under applicable laws and regulations.

In determining if the prospective grant recipient has the management capacity to plan and carry out the assistance award, some or all of the following may be required, depending on the size and complexity of the grant and/or the previous experience of the prospective grantee. The aim is to get as much information as possible in making the responsibility determination. For further information regarding pre-award determination of responsibility see ADS 303.3.9

- ✓ a. completed financial capability questionnaire
- ✓ b. copy of most recent audit, if no recent audit, "Balance Sheet", "Income Statement" for the most current and previous fiscal year
- ✓ c. incorporation papers or certificate of registration and statute
- ✓ d. summary of relevant past performance – including type of contract/grant, value, title, client (and contact information, if available)
- ✓ e. *if applicable* – NICRA, or if no NICRA, the profit and loss statements which include detail of the total costs of goods and services sold, by information of the applicant's customary indirect cost allocation method, together with supporting computations of the basis for the indirect cost allocation method
- ✓ f. organizational chart, if available
- ✓ g. cash flow, description of management structure, and/or oversight procedures, if available
- ✓ h. copy of applicant's accounting manual, if available
- ✓ i. copy of applicant's operations manual, if available
- ✓ j. copy of purchasing policies and description of the applicant's purchasing system (for large grantees), if available
- ✓ k. any other pertinent information regarding the applicant

3.5.3 High Risk Organization

If USAID Agribusiness Project's staff evaluates the financial capabilities of a grantee and determines that they are limited or deficient, they will classify them as high-risk organizations per ADS 303.5.9.2, which invokes the statutes of 22 CFR 226.14 to allow for closer monitoring requirements. Specific techniques to address this high risk include, but are not limited to: (1) Special award conditions, such as additional financial reporting detail or frequency; and (2) Providing technical assistance to the grantee. This option may be only used for such a period of time until the potential recipient can correct any institutional deficiencies, but not for the life of the award.

3.5.4 Branding and Marking

The potential grantee will comply with the branding strategy and marking plan already negotiated with USAID for this activity, and incorporated into the task order, with assistance from USAID Agribusiness Project as necessary. It is a federal statutory and regulatory requirement that all USAID programs, projects, activities, public communications, and commodities that USAID partially or fully funds under a USAID grant or cooperative agreement or other assistance award or sub award, must be marked appropriately overseas with the USAID identity. See Section 641, Foreign Assistance Act of 1961, as amended, 22CFR 226.91. Under the regulation, USAID requires the submission of a Branding Strategy and Marking Plan, but only by the "apparent successful applicant," as defined in the regulation. See ADS 303.3.6.3f for details on approval and exceptions.

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. For additional assistance on writing Branding Strategies and Marking Plans, please see Annex C.

3.5.5 Debarment and Terrorist Financing Searches

To ensure that USAID Agribusiness Project 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 Agribusiness Project staff 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 USAID Agribusiness Project staff must compare each proposed grant action against specific databases. USAID Agribusiness Project must conduct searches on the following two databases:

1. 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/tl|sdn.pdf>
2. 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 concurrence 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 responsibility for providing support to an individual or organization just because he/she/it doesn’t appear on the database searches if the USAID Agribusiness Project staff 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.

<p>It is mandatory to have print-outs of the following debarment and terrorist financing searches in the file:</p> <ul style="list-style-type: none">✓ US Government Excluded Parties List✓ List of Specially Designated Nationals and Blocked Persons✓ United Nations Security Committee (UNSC) list

3.5.6 Environmental Considerations

USAID Agribusiness Project will follow the provisions of the Initial Environmental Examination (IEE) ensuring that all requirements of the environmental regulations as described in 22 CFR 216 are satisfied prior to a grant award.

USAID Agribusiness Project’s Environmental Specialist shall conduct environmental due diligence as specified in the IEE for all activities not categorically excluded, implement appropriate mitigating actions, and conduct adequate monitoring to ensure environmental concerns are addressed.

Specifically, the Environmental Specialist shall conduct environmental compliance, review, and due diligence for the Grants Program, and farmer and enterprise training on environmental issues. Areas of responsibility will include Environmental Due Diligence (EDD), Pollution Prevention Assessments (PPA) related to clean production, the preparation and implementation of a Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP), and certifications (HACCP, ISO, GAP, etc.).

4. GRANT AWARD

4.1 Award Elements

After financial management and responsibility requirements have been satisfied and final negotiations and assessment completed, the Grants Manager, with the assistance of requisite staff, will prepare a specific grant agreement for each grantee in accordance with the

appropriate format for the type of grant agreement approved. All grant agreements must include a program description that identifies the goals and objectives of the grant project, the specific activities to be carried out, and the measurable results to be achieved.

At minimum, the components for the various types of grant agreements include:

- Signature Page
- Overview Page and Articles
- Annexes:
 1. Program Description
 2. Program Budget
 3. Request for Reimbursement Form and/or Grant Payment Request Form
 4. Reporting on Payment of Foreign Taxes
 5. Financial and Programmatic Report Format
 6. Certification/s
 7. Branding Strategy and Marking Plan
 8. Mandatory Standard Provisions and Required as Applicable Provisions

4.2 USAID Concurrence

The program description must have clearly established goals that are realistic and measurable and for which it will be held accountable. Depending on the USAID Mission, the final program description and final budget may be submitted to USAID as part of the request for concurrence.

USAID CTO shall be involved in the approval process from very beginning i.e. preliminary review of the Concept Papers thru the final approval/rejection of every project.

Upon USAID (normally CTO) concurrence of the grant recipient, the grantee and DAI's authorized representative (usually COP) sign the grant agreement, making it valid.

Only the COP has the authority delegated by DAI/Bethesda to sign contracts and grants. Any contract, grant agreement, or modification whose amount exceeds the authorized delegations of authority requires signature by DAI/Bethesda or an action-specific, ad hoc delegation of authority from DAI/Bethesda for signature in the field.

5. GRANT AWARD ADMINISTRATION

Award administration encompasses all dealings between USAID Agribusiness Project officials and the grantee from the time the award is made until the end of the support. The specific nature and extent of administration will vary from award to award. It can range from reviewing and analyzing performance reports or performing site visits to more technically developed involvement for high-risk recipients.

Post award orientation with the grantee and USAID Agribusiness Project technical staff is encouraged to clarify the roles and responsibilities of the technical staff 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 Operations Director shall provide for the continuing oversight by appropriate USAID Agribusiness Project staff (namely, the Finance Director) of the financial management aspects of the award through reviews of reports, correspondence, site visits, or other appropriate means. When deemed necessary, the Operations Director and/or Grants Manager may request or arrange for special audits of grantees. Within approximately one month of signing the grant award agreement, the Finance Director and/or relevant program officer may conduct a financial management training session with grant recipients.

Site visits are an important part of effective award management. Joint site visits by senior staff and program officers are encouraged, since they can provide an effective review of the project. A brief report highlighting the findings is recommended. A copy of each report should be placed in the official grant file.

Grants are subject to the provisions established and included in each award. The Grants Manager or designee, in case of his absence, shall determine that the award does not contain administrative approvals that are in conflict with the grant provisions, stated regulations, or policies. The Grants Manager or his designee is responsible for processing all award modifications, suspensions, and termination actions.

5.1 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 may be earned both from grantee activities and from services provided by an individual performing a role in the grant activity. The time-frame for earning program income is any income earned by a grantee during the grant period. "During the grant period" means between the effective date of the Grant Agreement and the end date of the grant as reflected in the final financial report.

Examples of program income include:

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

The Grantee will inform USAID Agribusiness Project of any program income generated under the grant and agrees to USAID's disposition of such program income which is in accordance with 22 CFR 226.24. Program income earned under this agreement shall be applied and used in the following descending order:

1. Added to funds committed by USAID and the recipient to the project or program, and used to further eligible project or program objectives;
2. Used to finance the non-Federal share of the project or program; and
3. Deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based.

If the terms and conditions of the award do not specify how program income is to be used, then number 2) shall apply automatically. Grantees who are commercial organizations may not apply Option 1) to their program income.

Grantees shall have no obligation to the U.S. Government regarding program income earned after the end of the project/grant period.

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.

Unless terms and conditions of the award provide otherwise, recipients shall have no obligation to the US government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award.

5.2 Cash Disbursements

USAID Agribusiness Project 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.

The financial questionnaire is used to assist in the process of evaluating a grantee's financial management capability. USAID Agribusiness Project 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. USAID Agribusiness Project will ensure, at a minimum that the grantee's systems permit them to identify, segregate, accumulate and properly record all costs incurred under the grant.

All requests for payments as specified herein shall be made to the Finance Director through the Grants Manager. Each voucher shall be identified by the grant award number and shall state the total tax-free costs for which reimbursement is being requested.

No tax shall be reimbursed under any circumstances under the Grants Program. In the event that the USAID Agribusiness Project is unable to secure a tax exemption for grantee's purchases under grants, the grantee will have to bear that cost out of their own funds. Nevertheless, these expenditures shall be considered allowable cost sharing (matching contribution) by the grantee. Charges from the bank and currency exchange fees are considered allowable costs under the terms of USAID Agribusiness Project.

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.

USAID Agribusiness Project shall make every effort to determine the grantees ability to manage and financially support the grant award.

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by DAI (the “Separate Account”). DAI 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 CTO. 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.

Reimbursements. 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 receipts, timesheets, sub-contracts and other appropriate documentation. This type of disbursement mechanism requires that the grantee have adequate cash flow. All Fixed Obligation Grants and Simplified Grants must be issued on a reimbursement basis.

5.3 Language

It is USAID policy that English shall be the official language of all award documents. If an award or any supporting documents are also provided in a foreign language it must be stated in each version that the English language version is the only official version (see ADS 303.5.17).

5.4 Termination and Suspension

Language must be included in the grant agreement giving DAI and USAID 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;
- The portion to be terminated; and
- The portion terminated (in case of partial termination).

USAID shall also have the right to terminate the grant activity (activities) unilaterally in extraordinary circumstances.

5.5 Monitoring, Reporting, and Audits

The grantee shall maintain books, records, documents, and other evidence relating to the USAID-sponsored project. Accounting records that are supported by documentation will at a minimum show all costs incurred under the grant agreement, receipt and use of goods and services acquired under the grant agreement, costs of the project supplied from other sources, the overall progress of the project, and the cost share obligation from grant recipients.

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 DAI grants (this provision can be found at : <http://www.usaid.gov/policy/ads/300/303maa.pdf> for U.S., Non-governmental Recipients and at <http://www.usaid.gov/missions/sa/usaidsa/mandatorystandard.pdf> for Non U.S., Non-governmental Recipients).

All grantees will be subject to regular and periodic monitoring visits and reporting requirements. All projects must submit a final report on activities supported by the grant. For projects completed in less than a six-month period, a final expense and activity report, including the amount of cost share accompanied by supporting documents, must be submitted to the Grants Manager upon completion. For projects exceeding a six-month timeframe, quarterly expense and activity reports, in addition to a final expense and activity report (which includes the amount of cost-share accompanied by supporting documentation), must be submitted to the Grants Manager, or as otherwise specified in the grant agreement.

Grants under implementation will have a customized monitoring plan when deemed necessary by the USAID Agribusiness Project's technical staff. This plan should be flexible and dictated internally by the amount, length and complexity of the grant, as well as accessibility of the grantee's location.

Non-U.S. Grantees must be audited if they received more than \$300,000 in USAID funds during their fiscal year. The thresholds include USAID funds received from all USAID sources, not just USAID funds received through USAID Agribusiness Project grants. DAI may require that 1) grantees that spend less than the above thresholds and 2) for-profit grantees be audited. DAI reserves the right to arrange for an audit at any time.

In some cases, DAI may decide to cover an audit through a grant, particularly for large grants. This might happen when the pre-award responsibility determination demonstrates that the organization is on the right track, but would benefit from regular audits to help the organization focus on ensuring its financial and accounting systems function properly.

Grantees are 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 Agribusiness Project or USAID.

5.6 Records

The grantee shall maintain financial records, supporting documents, statistical records, and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this award. Accounting records that are supported by documentation will at a minimum be adequate to show all costs incurred under the grant, receipt and use of goods and services acquired under the grant, the costs of the program supplied from other sources, and the overall progress of the program. Unless otherwise notified, the grantee's records which pertain to this agreement shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by DAI, USAID and/or its representatives. USAID Agribusiness Project will open a grant file for each award and follow the guidance as set forth in Supplementary Reference ADS 303 "File Documentation Guidelines."

5.7 Publications and Media Releases

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

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

Online (preferred)

<http://www.dec.org/submit.cfm>

Mailing address:

Document Acquisitions

USAID Development Experience Clearinghouse (DEC)

8403 Colesville Road Suite 210

Silver Spring, MD 20910-6368

Contract Information

Telephone (301) 562-0641

Fax (301) 588-7787

E-mail: **docsubmit@dec.cdie.org**

Electronic documents must consist of only one electronic file that comprises the complete and final equivalent of a hard copy. They may be submitted online (preferred); on 3.5"

diskettes, a Zip disk, CD-R, or by e-mail. Electronic documents should be in PDF (Portable Document Format). Submission in other formats is acceptable but discouraged.

Each document submitted should contain essential bibliographic elements, such as 1) descriptive title; 2) author(s) name; 3) award number; 4) sponsoring USAID office; 5) strategic objective; and 6) date of publication;:

In the event award 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 award unless the schedule of the award has identified the profits or royalties as program income.

Except as otherwise provided in the terms and conditions of the award, the author or the recipient 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 U.S. Government purposes.

5.8 Marking under USAID-funded Assistance Instruments

5.8.1 Definitions

USAID has very clear definitions for terms associated with USAID technical assistance. These terms should be used as appropriate by grantees and can be found in the Mandatory Standard Provisions for both US and Non-US, Nongovernmental Recipients.

5.8.2 Marking of Program Deliverables

All grantees must mark appropriately all overseas programs, projects, activities, public communications, and commodities partially or fully funded by a USAID grant or cooperative agreement or other assistance award or sub award with the USAID Identity, of a size and prominence equivalent to or greater than the recipient's, other donor's, or any other third party's identity or logo.

To ensure that the marking requirements "flow down" to sub recipients of sub awards, USAID Agribusiness Project will include the USAID-approved marking provision in any USAID funded sub award, as follows:

"As a condition of receipt of this sub award, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient's, sub recipient's, other donor's or third party's is required. In the event the recipient chooses not to require marking with its own identity or logo by the sub recipient, USAID may, at its discretion, require marking by the sub recipient with the USAID Identity."

Any 'public communications', as defined in 22 C.F.R. 226.2, funded by USAID, in which the content has not been approved by USAID, must contain the following disclaimer:

"This study/report/audio/visual/other information/media product (specify) is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID, the United States Government, or Development Alternatives, Inc."

USAID Agribusiness Project will provide the Cognizant Technical Officer (CTO) or other USAID personnel designated in the contract with two copies of all program and communications materials produced under the award. In addition, USAID Agribusiness Project will submit one electronic or one hard copy of all final documents to USAID's Development Experience Clearinghouse.

5.8.3 Implementation of Marking Requirements

USAID Agribusiness Project will require that the grantee submit a Marking Plan, to be approved by USAID as part of pre-award negotiations:

The plan will include:

1. A description of the program deliverables specified that the grantee will produce as a part of the grant or cooperative agreement and which will visibly bear the USAID Identity.
2. The type of marking and what materials the grantee uses to mark the program deliverables with the USAID Identity,
3. When in the performance period the grantee will mark the program deliverables, and where the applicant will place the marking,

In certain cases, USAID Agribusiness Project and/or the grantee may be exempted from USAID marking requirements. Further details regarding such exemptions and waivers can be found in the Mandatory Standard Provisions for US and Non-US, Nongovernmental Recipients, and ADS 320.

5.9 Amendments and Extension

Once a grant has been awarded, no additional competition is required for amendments to the existing grant or follow-on grant awards for the same activity, or to further develop an existing assistance relationship for amounts equal to or less than the original grant.

Approval by the grants review committee is required for amendments to existing awards that involve any substantial change, extension, or expansion of previously approved grant activities.

The Grants Manager serves 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.

5.10 Conflict of Interest

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

Definition of 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 USAID Agribusiness Project-funded activity.

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)

5.11 Grant Files and Closeout

USAID reserves the right to conduct financial reviews or audits, and to otherwise ensure the adequate accountability of organizations expending USG funds. The grant files will contain the essential documents to demonstrate that the grant was successfully completed and that funds were spent prudently with costs justified.

In order to prepare the grant files for closeout, the USAID Agribusiness Project will maintain an on-going official grant "Master File," which includes only the documents that need to be preserved in case of audit. This file will be clearly organized and easy to understand. 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. A checklist located in Annex G details the documents that the master file must contain and provides an explanation of how they should be filed.

In addition, for each competition, the grants staff must maintain an RFA/APS file. The RFA/APS file checklist can be found under Section 3.2 of this Manual. The RFA for successful grant recipients should be included in a separate file at the beginning of the master files.

At closeout, USAID Agribusiness Project 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.

Closeout of the grants awarded under the simplified format is conducted in accordance with 22 CFR 226.71. Within 30 days of completion of the entire activity or all benchmarks, the grantee shall provide a written certification that the activity for which the grant was awarded has been fully completed.

Grant closeout for fixed obligations grants will be accomplished with acceptance of the final milestone, and the approval of final payment. Within 30 days of completion of the entire activity or all milestones, the grantee shall provide a written certification that the activity for which the grant was awarded has been fully completed.

Grants Manger 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.

6. GRANT PROCUREMENT PROCEDURES

The grantees shall conduct procurement activities, under the supervision of USAID Agribusiness Project staff and shall be reimbursed for the purchased services and/or items listed in the grant award, except for the In-Kind Grants. USAID Agribusiness Project shall, however, maintain primary responsibility before USAID in respect to the procurement standards as described below. As described before, USAID Agribusiness Project may decide to conduct a direct procurement, but only if a grantee has limited capability to procure services and/or equipment with the grants funds i.e. Youth Enterprise Grants and Agribusiness Start-up Grants.

If procurement activities fall within the scope of grantee's authority, each grantee must adhere to the following procurement standards:

- The grantee will avoid purchasing unnecessary items;
- Where appropriate, the USAID Agribusiness Project staff or the grantee will determine whether lease and purchase alternatives is the most economical and practical procurement;
- The grantee 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;
- No employee, officer, or agent of the grantee organization shall participate in the selection, award, or administration of a contract supported by USAID Agribusiness Project funds if a real or apparent conflict of interest would be involved. Such conflict would arise when the grantee or any member of the grantee's immediate family, the partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award;
- All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The grantee shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade;
- Every time the grantee purchases something with USAID Agribusiness Project funds, it must use an appropriate level of cost comparison and analysis, as follows:
 - a. When purchasing any good or service with a unit cost of less than US\$500, price quotes are preferred but not required. If possible, three oral quotes should be obtained and documented (name of vendor and price quote). Selections should be made on the grounds of price, quality, dependability, timeliness, and other business considerations.

- b. When purchasing a good or service with a unit price greater than or equal to US\$500, but less than US\$2,500, three valid written quotes must be sought. Oral quotes are not acceptable. Selection should be made based on the factors of price, assured timely deliveries, proven ability to deliver a quality product, reputation of vendor, and other criteria fitting to the specific procurement.
 - c. For procurement elements or awards greater than \$2,500, further requirements may apply as found in the Procurement of Goods and Services (October 1998) clause from the Standard Mandatory Provisions for Non-U.S., Nongovernmental Recipients. Please see below *Recommended Procurement Procedures, by Dollar Amount*.
- Each time the grantee requests an oral or written bid from three or more vendors, it must provide each vendor with identical information regarding the specification of the goods or services it is procuring;
 - The grantee shall provide to USAID Agribusiness Project copies of the procurement documents e.g. invitations to bids, market research, bid analysis and evaluations, award letters, contracts with vendors, etc., as well as other documents related to the procurement procedures conducted by the grantee;
 - To the greatest extent possible, the grantee should use local business service providers and other counterparts as appropriate.

The grantee may, however, use its own procurement policies and practices for the procurement of goods and services, provided they conform to all of USAID's requirements listed in Procurement of Goods and Services (October 1998) and the standard provision entitled "USAID Eligibility Rules for Goods and Services".

USAID Eligibility Rules for Goods and Services are applicable when the costs for goods or services will be paid for with USAID Agribusiness Project 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, or with Program Income generated under the award.

Recommended Procurement Procedures, by Dollar Amount

Procurement Amounts	Action(s) Taken	Forms To File
If total anticipated price is less than \$500	Purchase as needed at market price– no paperwork other than receipt for billing purposes needed.	None
If total anticipated price (total payment to vendor, not per item) is between \$500 and less than \$2500	Must document attempt to get three bids or price quotes (by verbal solicitation verbally) - Memo to File must include: <ul style="list-style-type: none"> - Company names - tel. # - date contacted - price quoted 	Memo to File
If total anticipated price is between \$2500 and less than \$10,000	Must get three verbal bids or price quotes from vendors. Must create a Bid Comparison Matrix listing prices, vendors, availability, and reason for choice.	Bid Comparison Matrix

Procurement Amounts	Action(s) Taken	Forms To File
If total anticipated price is between \$10,000 and less than \$25,000	Must get three written bids from vendors, and create a Bid Comparison Matrix. Must stipulate Selection Criteria Must convene a bid committee to review the bids together.	Bid Comparison Matrix Copies of vendor bids Bid Decision Memo to File
\$25,000 or more	Must issue formal a public bid documents, such as a Request For Quotes (RFQ). Must stipulate Selection Criteria Must convene a bid committee.	Copy of RFQ and responses. Bid Comparison Matrix Bid Decision Memo to file CO Approval(as needed)

6.1 Allowable Costs/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.

Cost Principles: which costs are allowable, allowable with prior approval, or allowable by type of grantee (U.S. NGO, non-U.S. NGO, etc.)

It is USAID Agribusiness Project’s goal to ensure that costs incurred are in accordance with the applicable set of Cost Principles under the Mandatory Standard Provision for Non-U.S., Non-Governmental Recipients (Allowable Costs). USAID Agribusiness Project will determine which costs are allowable, allowable with prior approval, or unallowable, for Non-U.S. Non-Governmental grantees.

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:

1. Review OMB Circular A-122, (Annex M), 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”).
2. Review ADS 312 “Eligibility of Commodities” for more information if an item to be procured is a restricted good or service.
3. Determine whether the costs are reasonable, allocable, and allowable.
4. Contact the DAI/Bethesda for review and decision when appropriate.
5. Prior to incurring a questionable cost, obtain USAID’s 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.)

The grantee will also adhere to the list of ineligible goods and services clause from the list in ADS 312 “Eligibility of Commodities”. The following restricted goods² and services shall not be procured without the prior approval of the Agreement Officer:

- Agricultural commodities;
- Motor vehicles;
- Pharmaceuticals;
- Pesticides;
- Used equipment;
- U.S. Government-owned excess property; and
- Fertilizer.

Waivers on Agricultural Commodities (ADS E312.5.3a2e): Depending on the source origin designation of the grant, a geographic source waiver, in accordance with ADS Chapter 310, may be required if the commodity is to be purchased from a country not eligible under the agreement. If a proposal is to procure an agricultural commodity, DAI staff must review ADS 312 and obtain USAID waiver if necessary before the grant is implemented. DAI will work with the USAID Agreement Officer to obtain appropriate and necessary waivers prior to procurement.

The Required as Applicable Provision entitled USAID Eligibility Rules for Goods and Services shall apply to all standard form grants issued under USAID Agribusiness Project.

6.2 Source, Origin, and Nationality

The authorized geographic code for the USAID Agribusiness Project in Serbia is USA (000). However, local procurement in the cooperating country is authorized within the parameters specified in 22 CFR 228.40, “Local Procurement”

Pursuant to the standard provisions for the grants-under-contracts not exceeding \$250,000, and reference to the waiver letter dated June 6, 2008 issued by Regional Contracting Officer, use of an order of preference for the procurement of goods and services is permitted.³ Accordingly, Commodities and services procured under the USAID Agribusiness Project must be procured in accordance with the following order of preference:

- (1) The United States (USAID Geographic Code 000)
- (2) Serbia, and then
- (3) A SEED or EU Country (USAID Geographic Code 935)

The procurement of non-U.S. commodities or services must be documented to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and one or more of the following reasons justifying the non-U.S. procurement:

- A) The commodity or service is of a type that is not produced in or available for purchase on the United States (or Cooperating Country if it is a SEED or EU country procurement)

² Refer to ADS 312 “Mandatory Reference, USAID Commodity Eligibility Listing” for a list of restricted commodities.

³ Refer to the letter dated June 6, 2008 issued by Regional Contracting Officer; “Regional Source/Origin/Nationality Waiver for SEED Funding – Letter to Contractors.

- B) It is necessary to procure the non-U.S. commodities or services in order to meet unforeseen circumstances, such as emergency situations.
- C) It is necessary to procure the non-U.S. commodities or services to promote efficiency in the use of United States foreign assistance resources.
- D) For the commodities with their source and origin in the Cooperating Country:
 - i. The lowest available delivered price from the United States is reasonably estimated to be 50 percent or more higher than the delivered price from the Cooperating Country, or
 - ii. The estimated cost of U.S. construction materials (including transportation and handling charges) is at least 50 percent higher than the cost of locally produced materials.

6.3 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 the grant budget includes equipment the Provision for Non-U.S. Non-Governmental Recipients (Title to and Use of Property, Recipient Title) will be incorporated into the Grant Agreement.

Under the simplified grants, the Agreement Officer must approve the purchase of equipment over \$5,000, and applicable provisions must be included in the grant format. The purchase of equipment with a value exceeding \$2,500 is not authorized under a Fixed Obligation grant. The project must follow standard procurement procedures.

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

- The recipient is required to maintain equipment inventory records that include the description of the equipment, the source of the equipment, the title holder, 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.
- The recipient 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.
- In the grant agreement, the grantee will agree to indemnify, DAI and its Officers and Directors, including cost of defense, for any claim made against them arising out of the grantee's performance of this grant agreement. This indemnity shall be in excess of DAI's insurance policies, but not limited by the scope of such policies. DAI and USAID do not assume liability for third party claims for damages arising out of this grant.

6.4 Supplies

Supplies are all property, excluding equipment. In accordance with the applicable Standard Provisions, title to supplies and other expendable property shall vest in the grantee upon acquisition.

6.5 Travel

USAID Agribusiness Project must obtain USAID Contracting Officer approval to use grant funds in support of international travel where applicable and necessary. Guidance will be followed as set forth in the Required as Applicable Standard Provision for Non-U.S. Non-Governmental Recipients (International Air Travel and Transportation).

For grantees receiving cash disbursements for travel, the Standard Provision (referenced above) must be followed and incorporated in to the grant agreement. If the grant is in-kind (that is, USAID Agribusiness Project negotiates and purchases the tickets for the grantee), DAI must follow Standard Provisions when approving travel and purchasing the tickets. In either case, the Fly America Act applies at all times.

6.6 Participant Training

Participant training conducted in countries other than the U.S. or the cooperating country must comply with the requirements for third country training set forth in ADS 253.3.2.

A participant is any non-U.S. individual being trained under the USAID Agribusiness Project outside of that individual's home country.

A nationality waiver may be required for training providers from countries outside the authorized geographic code.

Participant training shall be conducted in close cooperation with the World Learning in Serbia.

6.7 Payment to Host Country Government Employees

a) *Definition of Host-Country Government (HCG) Employee*

A HCG employee is an employee paid by the HCG, occupying an established position, either temporary or permanent, part-time or full-time, within a host-country government institutions such as State Universities, Research Institutes, vocational schools, etc. A host-country institution is an organization in which the government owns at least a 50 % share or receives at least 50% of its financial support from the government.

b) Types of Payments

There are two categories of payments to HCG employees: those that are considered salary supplements, and those that cover other costs not considered salary supplements.

b1) Salary Supplements:

These are payments made that increase an employee's base salary for the performance of his/her regular duties or for work performed during regular office hours. In most cases, these are not acceptable (except for university professors/lecturers).

Exceptions where payments are allowable for other government employees outside of the university system shall be limited and subject to USAID approval, and it may be considered under following terms only:

- If the government employee is providing services outside of his/her normal working hours.

- If the government employee is on leave without pay from their government post during the time he/she is providing services to us.
- If the government employee is on annual leave from the government at the time that he/she is providing services to us.

In addition, it is important to remember the following: **-Policy Making Officials shall not receive USAID payment of salary supplements in any form** (including USAID payments for project related work conducted outside normal working hours). Policy-Making officials are defined as high-level elected or appointed officials such as those serving in the cabinet or in the immediately subordinate sub-cabinet position.

b2) Additional Payments not in the form of salary supplements:

Possible payments are: food and lodging, travel, and honoraria for university professors.

- Food/Lodging/local transport costs are permissible for program or project related activities provided that such reimbursement is made on an actual cost reimbursement basis or it is paid at a consistent host-country rate.
- National transport costs are allowable for government officials in special cases where Host Country Government Officials are traveling in country with a US government official.
- International Travel is also permissible if the USAID Mission Director or from USAID Washington approval is provided if there is no USAID Mission Director.
- Honoraria may be paid to university employees and to members of research institutions, who are HCG employees solely by virtue of their position in a university or research institution, carrying out project-related activities outside their normal duties.

6.8 Use of U.S./International Consultants

An international consultant can be used under a grant if the organization is the recipient of the grant with which this consultant is affiliated, and the grant is not to the consultant as an individual.

If a local grantee wishes to hire an international consultant as part of a grant from USAID Agribusiness Project must verify the following:

- a) International consultant's salary- this needs to be checked for reasonableness, with well-documented salary history for the requested rate.
- b) The local grantee must verify that they have hired the consultant, with a formal employee contract, Scopes of Work, time sheets, etc drawn up between the consultant and the local grantee.

The local grantee must pay the consultant's salary directly.

6.9 Rights to Intellectual Property Produced with Grant Funds

All materials produced under the grants -- written, graphic, film, magnetic tape, or otherwise -- shall remain the property of both the grantee and USAID Agribusiness Project. Both the grantee and USAID Agribusiness Project retain rights to publish or disseminate in all languages reports arising from such materials, unless otherwise specified in the grant agreement. The rights and duties provided for in this policy shall continue, notwithstanding the termination of the grant or the execution of its other provisions.

ANNEXES

- A. Sample Memo of Negotiation
- B. Assistance on Branding and Marking
- C. Sample Simplified Grant Format Non-US
- D. Sample Fixed-Obligation Grant Format Non-US
- E. Mandatory Standard Provisions for Non-U.S. Non-Governmental Recipients
- F. Financial Capability Questionnaire (for recipients of cash grants)
- G. Grant File Documentation Guidelines and Check List
- H. Certification Regarding Debarment, Suspension and Other Responsibility Matters
- I. Certification Regarding Drug-Free Workplace Requirements
- J. Certification Regarding Terrorism Financing
- K. Anti-trafficking Activities
- L. Reporting of Foreign Taxes
- M. OMB Circular 122 "Cost Principles for Non-Profit Organizations"
- N. Concept Paper
- O. Sample Grant Application
- P. Grants Review Committee Record

NOTE: These annexes are all the possible documents that can be attached to a specific grant. In most cases the grant will require that only two or three of the Annexes listed here be incorporated in the grant document issued to the grantee. Directions on which grant annex to include, are provided in the instructions that follow. When the grant is issued that actual annexes that are attached are renumbered A-1, A-2, A-3, etc. The Grant Formats indicate the preferred order of numbering of the annexes when attached to the grant.