

**DEVELOPMENT ALTERNATIVES INC./USAID  
IRAQ RAPID ASSISTANCE PROGRAM (IRAP)  
GRANTS ADMINISTRATION HANDBOOK**

*This handbook is a deliverable under Prime Contract No. 267-C-00-07-00505-00,*

*for use in issuing Grants thereunder*

# **DAI/IRAP Grants Manual**

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*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.*

## 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 file 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
CSCM	Civil Society & Conflict Mitigation
CTO	USAID Cognizant Technical Officer
DAI	Development Alternatives, Inc.
ETEC	Embassy Technical Evaluation Committee
FOG	Fixed Obligation Grant
LSGA	Limited Scope Grant Agreement
	
OPA	Office of Provincial Affairs
PRT	Provincial Reconstruction Team
QRF	Quick Response Fund
USAID	United States Agency for International Development

## **I. GENERAL DESCRIPTION OF THE DAI – USAID/IRAP CONTRACT**

The USAID/Iraq Mission, focusing on development of programs to meet the Iraq New Way Forward Strategy, established Provincial Reconstruction Teams (PRTs) as a platform from which to engage and coordinate development programming at the provincial and sub-provincial levels. For this purpose, DAI has been awarded this contract to provide support to the Provincial Reconstruction Teams and to implement activities directed at fostering Civil Society and addressing Conflict Mitigation in Iraq. The U.S. Government has or will deploy 29 Provincial Reconstruction Teams (PRTs). To support these teams, a Department of State and USAID-managed Quick Response Fund (QRF) and approval process has been established to fund PRT-driven community projects. An overriding aim of the QRF program is to achieve maximum public impact with and emphasis on Iraqi buy-in and contribution.



The award of grants will be in accordance with “Grants under Contracts” provision of the contract.

## **II. GRANT TYPES AND APPLICABLE CONDITIONS**

The type of grants issued will vary. The grant activities would focus on the root causes of the crisis, conflict, reconciliation and or governance. It is envisaged that the Grants from \$25,000 to \$500,000 will primarily be disbursed in-kind, to support PRT-driven community programs. However, cash being more cost effective and efficient depending on the country situation, grantee, amount of grant and grant type, may be considered on a case-by-case basis.

DAI staff must ensure that grant proposals are consistent with USAID grant rules and regulations under Automated Directives System (ADS) Part 303, as well as 22 CFR 226 to the extent that it is relevant to such grants, and that budget items are allowable costs as defined by OMB and USAID. To aid in this process, this section summarizes different grant-making mechanisms as outlined in the USAID Automated Directives System (ADS). The ADS provides written guidance to USAID employees and contractors on policies and operating procedures, delegations of authority for conducting Agency business, and references for other applicable USG regulations as necessary.

The program is designed to implement short-term (no more than one-year) projects quickly, through grants, and direct procurements, to fill gaps not funded through existing economic and/or governance programs.

Activities determined by the PRTs

. The provision of grants will be governed by USAID's regulations pertaining to " , as detailed in this manual.

There are six basic grant types: Simplified Grant, Fixed Obligation Grant (FOG), Standard Grant, In-Kind Grant, Grant to PIOs and Limited Scope Grant Agreement (LSGA). The following four types of grants cut across recipient categories: the Simplified Format Grant, the Fixed Obligation Grant, the Standard Format Grant, and the In-Kind Grant Agreement. The majority of the grants will be implemented using the Simplified Format. For In-Kind grants the IRAP project will utilize the Simplified Grant Format. However, the nature of the activity and the type of recipient may call for occasional use of the other grant formats. The descriptions in the sections below permit project management to evaluate which format, given its associated requirements and parameters, is appropriate and practical for each grant activity.

For QRF/OPA Grants, individual awards shall range between \$25,000 and \$500,000. Construction as part of a grant or as an entire project package, cannot exceed \$200,000. No award to a Government of Iraq entity can exceed \$200,000. Approval of grants by the Embassy Technical Evaluation Committee shall serve in place of CTO and CO approval, except in the case of US grantees where CO approval is required for awards in excess of \$100,000.

For Civil Society Grants not going through the QRF approval process, the grant award parameters are such that the PRT/ePRT and DAI shall work together to develop the grant and for up to \$150,000 per activity may agree to award grants to cleared grantees. Grants in excess of \$150,000 will require presentation to and approval by the USAID CTO for the IRAP program. Grant awards shall range possibly up to \$10,000,000. The Civil Society Grants may be awarded competitively though are not required to be awarded through competition. Any sole source selection shall be approved by the IRAP CTO. Although limited competition may be considered, a program description and a list of prospective applicants must be approved by the CTO.

**Allowable project budget items include but are not limited to:**

1. [REDACTED]

- 
2. Working meals and coffee breaks integral to the grant program. Funds should not be used primarily for food expenses when these costs cannot be supported. Otherwise, they should be clearly justified and limited to a maximum of 20% of the total award amount.
  3. Farm equipment such as small tractors.
  4. Salaries, overhead, equipment and other administrative expenses related to specific project activities.

**Unallowable budget items or activities:**

1. Vehicle purchases. Farm equipment such as small tractors is an allowable expense.
2. Direct support or the appearance of direct support for individual or single party electoral campaigns.
3. Travel outside Iraq, exceptions will be considered on a case by case basis.
4. Medical and psychological research or clinical studies.
5. Expenditures that are related to the support of any religious activities or religious groups.
6. Political party activities, including party infrastructure development, media outreach, and strategy development. However, public education and get-out-the-vote activities may be supported.
7. Military or law enforcement assistance of any kind, including weapons buy back or rewards programs.
8. Police, para-police (i.e., militias, neighborhood watch), prison-related projects, or any projects that benefit such organizations.
9. Support to enhance or influence individuals or groups on national policies.
10. Costs that are of direct benefit to coalition forces.
11. Purchase of firearms, ammunition, or removal of unexploded ordnances.
12. Duplication of services which should be available through municipal governments.
13. Payments for any Iraqi military or civilian government employee salary or pension.

14. Salaries, overhead, equipment and other administrative expenses unless they relate to specific project activities.
15. No expenses can be listed as miscellaneous and should never include alcohol or entertainment.
16. Entertainment, social activities, alcohol, ceremonials, hospitality and activities relating thereto are not allowable.-
17. Direct grants to individual businesses with more than five (5) employees.

Program funds shall not be used for grants that include reimbursement for the cost of market research, advertising (unless public service related to grant program) or other promotional expenses.

Expenses made prior to approval of a proposal or unreasonable expenditures will not be reimbursed.

#### **AIDAR 752.225-70 SOURCE, ORIGIN AND NATIONALITY**

(c) Restricted goods.

The Contractor shall not procure any of the following goods or services without the prior written approval of the Contracting Officer:

- i) Agricultural commodities,
- ii) Motor vehicles,
- iii) Pharmaceuticals and contraceptive items,
- iv) Pesticides,
- v) Fertilizer,
- vi) Used equipment, or
- vii) U.S. government-owned excess property

If USAID determines that the Contractor has procured any of these specific restricted goods under this contract without the prior written authorization of the Contracting officer, and has received payment for such purposes, the Contracting Officer may require the Contractor to refund the entire amount of the purchase.

***Any revisions to the grant formats contained in this manual require prior written authorization from the USAID Contracting Officer before a grant is issued.***

***Acquisition and Assistance Policy Directive (AAPD) 02-19 Implementation of E.O. 13224 Certification Regarding Terrorist Financing dated January 3, 2003 is a requirement for all grants issued under this contract.***

***From the "Required as Applicable Clauses of the Standard Provisions for Non-US, Nongovernmental Recipients" Clause 24. PROHIBITION OF ASSISTANCE TO DRUG***

***TRAFFICKERS (JUNE 1999) is a mandatory requirement for all grants issued under this contract where performance of the award will take place in “Covered” Countries. The list of covered countries can be found in ADS 206 (see 206.5.3))***

***Pursuant to Section 579 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 2003, Prohibition on Taxation of United States Assistance, all grants issued under this contract must include a requirement for grantees to report on the assessment of foreign taxes on transactions financed with U.S. foreign assistance funds. (See Annex T)***

***ANTI-TRAFFICKING ACTIVITIES – LIMITATIONS ON USE OF FUNDS; RESTRICTIONS ON ORGANIZATIONS SUPPORTING OR ADVOCATING PROSTITUTION.***

***PROHIBITION ON THE USE OF FEDERAL FUNDS TO PROMOTE, SUPPORT OR ADVOCATE FOR THE LEGALIZATION OR PRACTICE OF PROSTITUTION – ACQUISITION (JULY 2004)***

The above clause should be included in all Grants.

**A. Grants to Non-U.S. Non-Governmental Organizations**

The requirements for this type of award are contained in several applicable federal regulations and USAID administrative standards. These regulations include:

- Mandatory Standard Provisions for Non-U.S. Non-Governmental Recipients with Required As Applicable Standard Provisions for Non-U.S. Non-Governmental Recipients (see Annex L); (<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” (see Annex J); (<http://www.whitehouse.gov/omb/circulars/a1222/a122.html>); and
- 22 CFR Part 226, in particular 226.20 through 226.28 (<http://www.usaid.gov/policy/ads/cfr.html/#22>).
- Certification Regarding Terrorist Financing
- Certificate Regarding Drug Trafficking
- Section 579 Reporting on Payment of Foreign Taxes (<http://www.usaid.gov/policy/ads/300/updates/iu3-0314.pdf>)

***A.1. Simplified Grants***

**A. Overview**

The simplified format shall be 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;

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 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 grant formats.
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 within the grant since the grant is cost reimbursable upon presentation of receipts; and
8. No indirect costs are allowed.

In exceptional cases, 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 DAI will reimburse the grantee for costs. Because these are reimbursement agreements, the grantee will not receive payment until after presenting receipts showing actual costs. DAI 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, DAI will issue the final payment.

### **A.2. *Fixed Obligation Grant***

#### **A. Overview**

Where appropriate, DAI will have 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 that DAI monitor the actual costs subsequently incurred, as all costs are covered

on a “milestone” reimbursement basis. Due to the streamlined nature of the Fixed Obligation Grant, this format should be used whenever possible. The Fixed Obligation Grant mechanism is well-suited to the limited management capabilities of many potential DAI/USAID grantees and to the flexible and responsive design of the program. It is intended for use 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 the appropriate milestones to the project will be included in the documentation of the grant negotiations. Partial payments may be set up at different stages including the submission of a complete work-plan, after partial implementation, or upon demonstration of achieved results, and the payment amounts should reflect the relative value of the milestones achieved or the programmatic objectives that are sought. Payment is always made on a reimbursement basis, i.e. no advances are allowed.

### ***B. Fixed Obligation Format Requirements***

In addition to assuring that the grant will meet the applicable conditions (#1 – #5) described above for the simplified format, the Grants Manager must also certify (or 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 at A.2 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, which may include an amount based on the grantee’s demonstrated indirect costs;
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. DAI must be satisfied that this type of grant fits within the objectives of the project, and DAI will not use it as an alternative way of awarding to a High Risk Grantee. The Grants Manager or his/her 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 should the grantee become insolvent during performance of the award; and
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 shall be 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 the use of a Fixed Obligation Grant (FOG) has been approved, a detailed implementation plan will be developed by the grantee, in collaboration with DAI grants or technical personnel, in order to finalize the milestones and budget. The implementation plan will include:

- Result or results to be achieved (measurable goals);
- Responsibilities and contributions of each party to the grant;
- Well defined milestones and verification requirements for each achieved milestone (including analyzed costs);
- Type of payment mechanism (in-kind or reimbursement payment) and payment amounts per milestone; and
- 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 : Training component

Activity Goal: [REDACTED]

Benchmark 1: Training site identified and logistics organized by week 1;

Benchmark 2: Training staff finalizes training program and participants identified and invitations sent out by day 9;

Benchmark 3: Participants arrive and training commenced by day 14;

Benchmark 4: Training successfully completed.

As noted in the FOG criteria on the previous page, budgets must be precise and based on actual costs. This requirement fits very well with the DAI mechanism. The FOG criteria allows for a determination that the grantee will accomplish the goals of the grant and the specific objectives needed to achieve successful grant implementation. Before any DAI grant is awarded, the DAI Program Development Officers and procurement staff must work with the potential grantee to refine the budget, determining what is needed to accomplish the activity, and what the exact costs are. This kind of project design ensures that DAI is taking all necessary steps to identify costs and determine the cost reasonableness of the grantee's approach to grant implementation.

### ***A.3. Standard Grant***

## **A. Overview**

If a grant situation does not meet the above conditions for a simplified or fixed obligation grant, DAI will follow the standard grant format and include all required or necessary standard provisions for Non-U.S. Non-Governmental grantees in the grant agreement.

The standard grant format allows for advances and requires detailed monitoring of actual costs incurred. As part of financial reporting, all receipts and invoices must be submitted to DAI to reconcile advances. Under these procedures, successful organizations must demonstrate sufficient financial and management responsibility before DAI can award the grant.

This type of award requires that the following provisions are included in the grant agreement:

- Mandatory Standard Provisions for Non-U.S., Non-Governmental Recipients; and
- Required as Applicable Standard Provisions for Non-U.S., Non-Governmental Recipients.

As with other types of grants (simplified and fixed obligation grants), overall guidance and requirements are contained in the following:

- Mandatory Standard Provisions for Non-U.S., Non-Governmental Recipients;
- Required as Applicable Standard Provisions for Non-U.S., Non-Governmental Recipients;
- ADS 303;
- OMB Circular 122 “Cost Principles for Non-Profit Organizations”; and
- Section 22 of the Code of Federal Regulations, Part 226, in particular 226.20 through 226.28.

## **B. Disbursement**

With standard format grants, DAI may advance grant funds to cover the first two months of project costs. Beginning with Month Two, the grantee will be reimbursed for the previous month’s actual expenses upon submission and approval of a monthly financial report. In no case will the grantee be reimbursed for greater than 90% of the total grant amount prior to submission of final financial and program closeout reports. The schedule of disbursements will be subject to negotiation with the grantee and will be related to the requirements of the grant activities and the type of grant in question.

### ***A.4. In-Kind Grants***

## **A. Overview**

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

The In-Kind Grant is used [REDACTED], Simplified Grants, or Standard Grants. This format should not be used for third country or international NGOs due to the fact that such organizations generally possess adequate capacity to manage cash.

## **B. Disbursement**

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

## **C. The Standard Provision on Title to and Use of Grant Property**

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

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

The Grantee will provide DAI with a complete list of all non-expendable property, its location and condition within 45 days prior to the end of the period of performance. The Grantee will provide DAI with a copy of the plan to transfer this equipment. Within 45 days, DAI will give its reply about the actual transfer.

## **B. Grants to U.S. Non-Governmental Organizations**

The requirements for this type of award are contained in several applicable federal regulations and USAID administrative standards. These regulations include:

- Mandatory Standard Provisions for U.S. Non-Governmental Recipients with Required As Applicable Standard Provisions for U.S. Non-Governmental Recipients (see Annex N) (<http://www.usaid.gov/policy/ads/300/303maa.pdf>);
- ADS 303 (<http://www.usaid.gov/policy/ads/300/303.pdf>);
- OMB Circular 122 “Cost Principles for Non-Profit Organizations” (see Annex J) (<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>).
- Section 579 Reporting on Payment of Foreign Taxes (<http://www.usaid.gov/policy/ads/300/updates/iu3-0314.pdf>)

Grants to U.S., Nongovernmental Organizations (NGOs) can use the four types of grant agreements described above for Non-U.S., Nongovernmental Recipients. These grants are managed in the same way, however, cash disbursements usually will be made by the home-office backstopping team into the U.S. bank account of the NGO.

### **B.1. Standard Format Grants**

Grants to U.S. Non-Governmental Organizations (NGOs) can use the four types of grant agreements as described above for Non-U.S. Non-Governmental Recipients. These grants will be managed the same way as other grants under this project. However, cash disbursements, usually will be made by the home-office backstopping team into the US bank account of the NGO.

In accordance with ADS 303.3.5.6, the total value of any individual grant to any U.S. organization will not exceed \$100,000.

### **B.2. Limits on Grant Awards to U.S. Organizations**

In accordance with “Grants Under Contract - Deviation for USAID”, the CTO (or ETEC in the case of QRF/OPA grants) shall provide written approval for grants to U.S. Organizations up to \$100,000. Grants over \$100,000 will be governed by procedures established by USAID and will require prior written approval of the Contracting Officer. [NOTE: DAI will seek to be included in a class waiver for grants in excess of \$100,000 to US organizations]

### **B.3. Fixed Obligation and Simplified Grant Formats**

Where appropriate, mainly on grants under \$100,000, DAI will have the option of utilizing the FOG grant format. A discussion by the Program Development Officer of the appropriateness of this type of grant and the appropriate benchmarks to the project will be included in the documentation of the grant negotiations. The requirements and limitations for the use of the FOG format are detailed in a section A.2 of this manual.

## **C. Grants to Public International Organizations**



[REDACTED]

The requirements for this type of award are contained in several applicable federal regulations and USAID administrative standards. These regulations include:

- ADS 308, Grants and Cooperative Agreements with Public International Organizations;
- ADS 303 as applicable;
- Mandatory Standard Provisions for Public International Organizations (ADS 308.4.2.1);
- Section 579 Reporting on Payment of Foreign Taxes

### ***C.1. Approving Grants to PIOs***

For potential grants to PIO's under the QRF/OPA IRAP component of IRAP, grants may be issued from \$25,000 to \$500,000 following review and approval by the Embassy Technical Evaluation Committee (ETEC).

- **Using Grants to PIOs**

Grant agreements with PIOs are appropriate when the organization is on the approved PIO list and pre-award determination is made that all of the following conditions are met:

1. Support for a PIO's program or activity (either an expansion of its current program or the initiation of a new program or activity) is considered to be an effective and efficient way to achieve a particular development assistance or disaster relief objective;
2. The program and objectives of the PIO are compatible with those of DAI and USAID;
3. A predetermination of responsibility has been made concerning the PIO (reference ADS 303.3.9) and their ability to perform the program in a responsible manner has been predetermined; and
4. Grants are made for specific programs of interest to USAID. Under the "augmentation" rule, a USAID grant may not fund the general operating budget of a PIO if that general operating budget is being funded by voluntary contributions from the Department of State under its "International Organizations" budget or U.S. assess contributions or dues. This does not prohibit funding of administrative fee applicable to the USAID activity (see ADS 308.3.9)

While competition is not required for grants to PIOs, there is one important restriction: USAID may not make a grant to the United Nations or its specialized agencies that establishes a fund to which USAID is the sole contributor. This regulation is applicable because of a dispute between the USG and the UN, where the UN does not permit the General Accounting Office audit rights. Providing there is proper authorization, USAID can still make grants to the UN as long as those monies are not being contributed to a specialized

fund for which USAID is the only source of funding. DAI will follow these requirements when considering a PIO for a grant.

- **Conditions for a PIO Grant**

- At the conclusion of a PIO grant, the grantee will furnish the U.S. government with a final report on activities carried out under this grant. This includes a final program report and a final financial report containing sufficient details to reconcile any outstanding payments and complete any outstanding disbursements.
- The grantee must keep financial records--including documentation to support entries on accounting records and to substantiate charges against the grant--that follow generally accepted accounting practices. All such financial records shall be maintained and available for audit for at least three years after the final disbursement of funds under this grant.
- The grantee must confirm that the grant account will be audited in accordance with established procedures under appropriate provisions of the financial regulations and rules of the United Nations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The implementation of these grants will follow the procedure described for all QRF/OPA IRAP grants with operating parameters between \$25,000 and \$200,000 [REDACTED] [REDACTED] However, according to the ADS 350.5.2, the grant must be in the format of a Limited Scope Grant Agreement (LSGA).

### ***E.1 Limited Scope Grant Agreements with Foreign Governments***

Normally, USAID implements large grants to cooperating country governments within the framework of a Strategic Objective Grant Agreement (SOAG). However, a LSGA is considered appropriate for funding less complex activities. LSGAs are used to fund specific activities of limited scope, duration or funding. The LSGA must include a title page in LSGA format (see ADS 350.5.2, <http://www.usaid.gov/policy/ads/300/350mab.pdf> and Annex .... for model); Annex 1 Standard Provisions; and an optional Annex 2, Activity description.

The Standard Provisions must be included as part of any LSGA.

### ***E.2 LSGA Title Page and Optional Annex 2 - Activity Description***

Except as provided below or unless there is an exception, the Title Page or Activity Description Annex must contain or substantively address the following:

- a. Activity Title and DAI Activity Number.
- b. Description of the Results or Activity.
- c. Purpose. A statement to the effect that DAI and the Grantee agree to carry out the Activity described in the Agreement in accordance with (a) the terms of the Agreement and (b) any general agreement between the two governments regarding economic or technical cooperation or the title of the specific general agreement.
- d. DAI/USAID Contribution.
  - (1) A statement as to the authority for the grant and the amount being granted, for example, "DAI, as authorized by the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee U.S.\$\_\_\_\_\_ (the "Grant") to be expended as described in this Agreement."
  - (2) Incremental Funding. If the LSGA is to be incrementally funded, before proceeding, future funding increments by DAI must be made subject to (1) the availability of funds by USAID for that purpose and (2) the mutual agreement of the Parties at the time of each subsequent increment.

\* e. Grantee Contribution: The Grantee's total estimated contribution must be stated. See Internal Mandatory Reference [USAID Exchange Rate Policy Guidance](#) for exchange rate guidance. However, section 2.41 of the Exchange Range Rate Policy Guidance does not apply and the host government contribution can be stated in local currency units. The exchange

rate(s) used must be stated in the agreement. See **ADS 350.3.5** for the requirements on the host government minimum 25 percent contribution. Pursuant to ADS 350.3.5.1, the minimum 25% contribution is not applicable to grants under Contract. There must be a provision for the Grantee to report on its contribution at least annually in a format to be agreed upon with USAID.

- f. Completion Date.
- g. Contents. A statement as to what constitutes the LSGA, for example, "This Agreement consists of (a) this Title Page, (b) Annex 1, Standard Provisions Annex, and (c) Annex 2, Activity Description."
- h. Addresses (optional).
- i. Signatures and Dates. The LSGA must be signed by the parties and dated.

***E.3 LSGA Annex 1 – Standard Provisions***

The Standard Provisions must be included as part of any LSGA and can be found in ADS 350.5.2, <http://www.usaid.gov/policy/ads/300/350mab.pdf>.

**F. MINIMUM ELIGIBILITY CRITERIA**

The minimum criteria listed below must be met for all grants. Although grants may be awarded on both solicited and unsolicited basis, in order to meet minimum eligibility criteria for grant competition, proposals must:

- 1. Programming 

- 
2. Contain expected outcomes and results consistent with and linked to Project objectives;
  3. Be submitted by U.S. Non-governmental organizations, non-U.S. Non-Governmental organizations, PIOs, etc. Proposals from individual citizens will not be reviewed. Third Country Non-Governmental organizations, U.S. organizations, etc. are not eligible for Project grant funding unless special circumstances warrant specific approval by USAID to that effect.
  4. Contain evidence of a significant cost share commitment in most, but not all cases. Programming should encourage Iraqi buy-in. Budgets and program plans should reflect responsibility sharing, cost sharing by the organization and third-party contributors, or some in-kind contribution.
  5. Programming under a market economy theme may focus on developing the business sector or public education on the workings of a market economy, but should be coordinated with and not replicate technical assistance or training programs conducted as part of other USG business development initiatives.

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

Funding Restrictions: Grants that fund projects to exceed ( $\pm$ ) one year in duration will not be considered. No grantee may have more than three approved projects underway at any given time (unless strong justification can be provided). The provision of simultaneous grants to the same organization requires additional approval by USAID.

### ***F.1. COMPETITION***

It is DAI policy to require all grants to be awarded competitively unless an exception is authorized. 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.

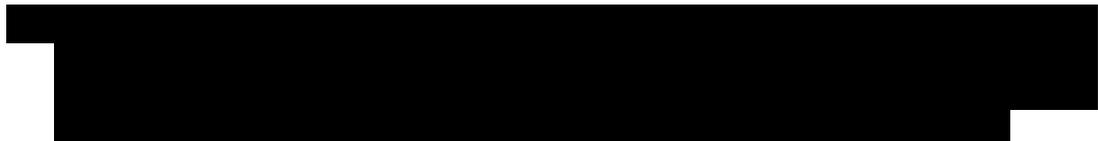
It is DAI policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Establishing a two or more tiered level of competition (i.e., prequalification round) is in keeping with this policy, as long as applications are reviewed in a fair manner at each level. Competition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

In the case of Civil Society Grants, they may be awarded competitively after consultation with the relevant PRT/ePRT. However, sole source selection may be approved by the CTO. Although limited competition may be considered, a program description and a list of prospective applicants must be approved by the CTO.

## ***F.2 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 Project X 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. DAI may compete grants that fall into this category.
- **Critical Objectives of the Program.** When circumstances are determined to be critical to the objectives of the IRAP Project, or when the non-provision of a specific grant would impede the achievement of the IRAP Project’s results and/or the fulfillment of U.S. foreign assistance objectives, USAID may formally waive competition requirements.



In accordance with ADS 303.3.6.5, noncompetitive awards must be justified in writing, to the satisfaction of the USAID Agreement Officer.

## **III. PROPOSAL DEVELOPMENT AND SELECTION PROCEDURES**

**A. Categories of Proposals**

Grants awarded under the QRF/OPA [\$25,000 - \$500,000] component of this project will usually be issued on a non-competitive basis, by direct solicitation for a specific activity. DAI may also exercise the option to solicit proposals competitively through a Request for Applications (RFA) process. Grants from \$25,000 to \$500,000 are currently envisioned to support the PRT-driven community programs.

In the case of Civil Society Grants, awards shall range between potentially up to 10,000,000. Awards up to \$150,000 may be developed and approved by the PRTs after consultation with DAI. Awards in excess of \$150,000 shall require USAID CTO review and approval. Although limited competition may be considered, a program description and a list of prospective applicants must be approved by the CTO.

**B. Proposal Format**

The grant proposal format for QRF/OPA grants shall follow the prescribed format for QRF/OPA grant applications. Grant applications for the CSCM component of IRAP may vary in accordance with the technical specifications and capacity of the potential grantee. Nonetheless, proposals should try to adhere to the following format:

- I. Cover Letter
- II. Application Document
  - A. Summary and Background
  - B. Project Description
    - 1. Statement of Goals, Objectives, Activities, and Results
    - 2. Beneficiaries
    - 3. Other Donors
    - 4. Outreach
    - 5. Monitoring Project Success
    - 6. Continuation of Activities, if relevant
  - C. Project Work Plan (including benchmarks if for a Fixed Obligation Grant)
- II. List of Team Members, including Scopes of Work and CVs
- III. Projected Grant Budget and Budget Notes
- IV. Statement of Cost Sharing (including applicant's contribution in money or in kind).

**C. Selection Criteria**

Working with the USAID PRT/ePRT Representative with the input of the DAI Project Development Officers, DAI will assist with design of the Grant and selection of potential grantee partners. DAI will review all grant proposals before final approval by the CTO, [if in excess of \$150,000] to ensure that they are consistent with USAID policies and procedures.

DAI will determine if the grantee is responsible to administer the grant funds. The US Embassy ETEC committee, of which USAID is a voting member retains final approval of all grants issued under the QRF/OPA IRAP component of this program. USAID CTO retains final approval of all grants issued under this contract for the CSCM component in excess of \$150,000 and provides the technical direction over the grants under the IRAP contract.

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

## **D. NEGOTIATION**

### ***D.1 Cost Analysis***

Each cost element of the program description shall be reviewed by the Grants Finance Officer for reasonableness 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 Grants Finance Officer, in consultation with the Grants Manager if necessary, 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 deemed necessary, DAI will negotiate the budget to ensure 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 the attached annexes for a sample Memorandum of Negotiation). Note: If the grant is a FOG, the Grants Manager or his/her designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation.

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 Senior Contracts Administrator shall be sought prior to opening discussions with the prospective for-profit grantee(s).

#### **E. 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, DAI 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, DAI shall conduct an informal 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, DAI 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 ..... 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.

**F. High Risk Organization**

If DAI 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.

**G. Branding and Marking**



**H. Debarment and Terrorist Financing Searches**

To ensure that DAI 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, DAI 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, DAI staff must compare each proposed grant action against specific databases. DAI 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/t11sdn.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 Qaeda 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 DAI 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.

#### **IV. REVIEW AND APPROVAL PROCEDURES**

##### **A. Grant Approval Process**

All grant applications undergo a review and selection process to ensure objective and effective evaluation of proposals. For projects under the IRAP, DAI will make a determination of responsibility of the grantee which includes a determination of their financial and management responsibility.

DAI will chair the technical review committee evaluating applications made under the Civil Society Grant Program. DAI shall include review, summarize and categorize the proposals for consideration by USAID in line with “minimum” proposed evaluation criteria that will be proposed by DAI and approved by USAID. DAI will also coordinate with the CTO on scheduling meetings during which USAID, and partners, will meet to review applications and carry out any necessary pre-award actions with respect to the proposed grantees, such as the financial reviews, and assessment of management capability.

DAI will establish a Grants Database in Microsoft Access, in order to keep track of the type, status and value of activities for records, reporting, and outreach requirements. The Database will also have information on Grant Title, grant amount in U.S. Dollars and local currency, grant description, background, justification, objectives, beneficiaries, expected impact, deliverables and reports, coordination, grantee information, program categories, cross cutting themes, special instruction, monitoring and evaluation as well as counterpart funding, if any, so that it could be submitted to the CTO on-demand.

## **B. GRANT AWARD**

### ***B.1 Award Elements***

After financial management and responsibility requirements have been satisfied and final negotiations 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 a minimum, the components for the various types of grant agreements shall include:

#### **Simplified Grant**

- Signature Page
- Overview Page and Articles
- Annexes:
  1. Program Description
  2. Program Budget
  3. Request for Reimbursement 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

#### **Fixed Obligation Grant**

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

#### **In-Kind Grant**

- Signature Page
- Overview Page and Articles
- Annexes

1. Program Description
2. Program Budget
3. Required Certification/s
4. Branding Strategy and Marking Plan
5. Mandatory Standard Provisions and Required as Applicable Provisions

### **Standard Grant**

- Signature Page
- Overview Page and Articles
- Annexes
  1. Program Description
  2. Program Budget
  3. Reconciliation and Advance Request Form
  4. Reporting on Payment of Foreign Taxes
  5. Financial and Programmatic Report Format
  6. Certifications
  7. Branding Strategy and Marking Plan
  8. Mandatory Standard Provisions and Required as Applicable Provisions

### **Grant to Public International Organization**

- Cover Letter
- Program Description
- Grant Payment Application Form
- Reporting on Payment of Foreign Taxes
- Report Format
- Standard Provisions for Public International Organizations (ADS 308.4.2.1.)
- Branding Strategy and Marking Plan

### **Limited Scope Grant Agreement**

- Title/Signature Page
- Overview Page and Articles
- Annexes
  1. Standard Provisions (ADS 350.5.2, <http://www.usaid.gov/policy/ads/300/350mab.pdf>)
  2. Activity Description Annex
  3. Budget
  4. Request for Reimbursement Form
  5. Financial and Programmatic Report Formats
  6. Branding Strategy and Marking Plan
  7. Certification/s

## C. GRANT ADMINISTRATION

The Chief of Party or his/her designee and the Program Development Officer (PDO) are responsible for ensuring the following procedures and decisions are completed before grant implementation begins:

1. That a determination has been made that the grant will be in-kind or in cash; (*If cash payments are made a financial and managerial assessment will be carried out. An evaluation questionnaire must be completed and evaluated to ensure that the grantee meets minimum financial and managerial qualifications when deemed necessary depending on previous experience and existing capacity.*) See Annex for the questionnaire.
2. That all budgeted costs have been verified for allowability, allocability and reasonableness.
3. That the implementation plan and detailed benchmarks and disbursement schedule are complete, realistic and accurate.

Award administration encompasses all dealings between DAI officials and the recipient 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.

Once the grant agreement is signed, a preliminary meeting between DAI Program Development Officer and the grantee is imperative. It is often helpful also to involve other DAI staff from procurement and finance who aid in grant implementation. This meeting is intended to ensure that the grantee has complete understanding of the grant terms and conditions, as well as to clarify the roles and responsibilities of the DAI officials who will administer the award and serve as the mandatory control point of record for all official communication dealing with grant administration.

The PDO will discuss in detail with the grantee all the various reports and obligations that are required of them during project implementation, including facilitating DAI's right to inspect the work in progress, the grantee's management systems, and audit following completion of the grant activity. DAI will also confirm the scope of the activity, implementation plan and timetable (milestones and schedule of disbursement) with the grantee.

The PDO shall provide continuing oversight and financial management aspects of the award through reviews of reports, correspondence, site visits and other appropriate means. Since site visits are an important part of effective award management, joint site visits by senior staff and program officers will be undertaken, which can provide an effective review of the project. A brief report highlighting the findings will be placed in the official grant file.

Within approximately one month of signing the grant award agreement, the grants finance officer and relevant program officer will conduct a financial management training session with grant recipients, if required.

The Grants Manager is responsible for processing all award modifications, suspensions, or termination actions.

## **V. IMPLEMENTATION PROCEDURES**

### **A. Cost Sharing Requirements**

It is usually expected that the grantee will make some contribution to the activity for which they are seeking funding. In-kind contributions are allowable as cost sharing, in accordance with OMB Circular A-110 and 22 CFR 226.23. 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. Where possible, DAI will facilitate cost sharing with the grantee.

### **B. In-Kind Disbursements**

In-kind disbursements relieve grantees of some of the administrative requirements of cash grants and help to protect the integrity of the procurement process. Instead of making payments directly to the grantee, DAI staff where appropriate will procure in-kind contributions and deliver them upon completion of benchmarks identified in the implementation plan.

For most USAID-funded grants DAI will attempt to use in-kind disbursements exclusively. Based on past experience, a well-organized project procurement unit and accurate information about the availability and pricing in all areas of operation have been the key elements for efficient and successful in-kind disbursements.

### **C. Cash Disbursements**

In the event that cash disbursements are necessary, DAI 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 (see Annex G, "Financial Management Adequacy of Potential Grantee-Simplified Version") is used to assist in the process of evaluating a grantee's financial management capability. DAI 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. DAI 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.

Cash payments will be provided in such a way as to minimize the potential for waste or fraud. While advances are specifically forbidden in the DAI contract, the project can make early payments to a grantee upon completion of an initial task or benchmark. Such 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 303.5.9 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:

- Funds shall not be commingled with other recipient owned or controlled funds.
- Grantees should liquidate any prior advances before new advances are released; and
- 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.

DAI shall make every effort to determine the grantee's 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 all receipts 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.

#### **D. Advances**

An advance is an amount paid to a grantee upon their request or in anticipation of outlays for USAID-funded cost for work under a grant. Advances differ from partial, progress, interim, and mobilization payments because they are not based on actual performance or actual costs incurred. Liquidation of an advance is the settlement of an advance through a liquidation voucher.

IRAP does not anticipate providing advances to grantees.

#### **E. Use and Disposition of Project Income from Grants**

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 DAI 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.

Recipients shall have no obligation to the US 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.

#### **F. Publications and Media Releases:**

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

The grantee shall provide DAI 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, DAI 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](mailto: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 Government purposes.

## **G. Monitoring, Reporting and Audits**

DAI will develop a robust monitoring and evaluation plan to track grantee deliverables and overall performance. Performance information will be tracked and maintained through the Grants Database.

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., Nongovernmental Recipients and at <http://www.usaid.gov/missions/sa/usaidsa/mandatorystandard.pdf> for Non U.S., Nongovernmental 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 DAI grants personnel 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 DAI, or as otherwise specified in the grant agreement.

DAI will closely monitor overruns in cost/expenditure categories or main line items. If major budget shifts are anticipated or observed, it is prudent to issue a modification to ensure proper monitoring and to avoid overruns. Under certain circumstances, such as when a grant is over \$250,000, before grants are issued the grant agreement may specify that the grantee is restricted from transferring funds among cost/expenditure categories. Such a restriction

would require the grantee to get prior approval from DAI before making budget shifts that expect to exceed 10% of the total budget (for details see the “Revision of Budget” Provision - <http://www.usaid.gov/policy/ads/300/303maa.pdf> for U.S., Nongovernmental Recipients and <http://www.usaid.gov/missions/sa/usaid/mandatorystandard.pdf> for Non U.S., Nongovernmental Recipients).

Non-U.S. Grantees will be audited if they received more than \$500,000 in USAID funds during their fiscal year. Non-profit U.S. Grantees must also be audited if they received more than \$500,000 in USAID funds during their fiscal year. The thresholds include USAID funds received from all USAID sources, not just USAID funds received through the IRAP 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 or DAI.

## **H. Amendments and Extensions**

Fixed Obligation Grants are employed only when a risk of changes to the grant is minimal. Nonetheless, under rare circumstances where an amendment is necessary, the grantee is required to request prior approvals for any deviations to the budget or project plan. The Grantee should contact the PDO to discuss the possibilities of amending the grant. The following deviations will be considered:

- Change of key personnel specified in the award;
- Addition of funding and/or revision of funding allocation among project objectives (not to exceed the \$100,000 threshold, or \$50,000 for those proposals awarded and justified under Exemption From Competition as a Small Award); and
- Change of duration of the project (not to exceed the one year threshold).

The award may be amended by formal modifications to the basic award document or by means of an exchange of letters or forms between the DAI grant manager and the official of the grantee that originally signed the grant.

Amendments and extensions should be avoided by conducting thorough pre-implementation cost analysis and budget review. Nonetheless, unavoidable changes in circumstances may

necessitate an amendment or extension. Period of performance changes or extensions are preferable to cost amendments whenever possible.

Amendments shall be made by formal modifications to the basic award document or by means of an exchange of letters or forms between the DAI Grant Manager and an appropriate representative of the grantee organization. These amendments will be preserved in the grant file.

## **I. 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).

It should also add that USAID through DAI could terminate grant activities unilaterally in extraordinary circumstances.

## **J. 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, as a minimum, be adequate to show all costs incurred under the award, receipt, and use of goods and services acquired under the award, the costs of the program supplied from other sources, and the overall progress of the program. Unless otherwise notified, the recipient records and sub-recipient records which pertain to this award shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by USAID and/or its representatives. DAI will open a grant file for each award and follow the guidance as set forth in Supplementary Reference ADS 303 "File Documentation Guidelines".

## **K. 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 project will maintain an on-going official grant “Master File” or binder, 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. At closeout, 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.

The Master File will include:

1) Grant Documents

- Proposal from grantee
- Signed grant approval from USAID
- Negotiation Memorandum
- Signed Grant Agreement
- Signed Addenda to agreement, where applicable
- Any extensions or additional approvals from USAID (including print-outs of approval emails), where applicable
- Grant Budget and any budget amendments
- Grant correspondence
- Grantee Certifications and proof of debarment and terrorist financing searches
- Grantee determination of responsibility

2) Procurement Documents

- Bidding documentation (see section VI, Procurement Procedures)
- Procurement Negotiation Memorandum
- In-kind agreements with vendors, if used
- If a single item worth \$5,000 or more was given to a grantee, the file must include an inventory list of such goods and equipment.

3) Financial Documents

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

4) Reporting and Evaluation Documents

- Final reports from grantee
- Reports on payment of foreign taxes
- Monitoring reports
- Impact assessments

- Additional demonstration of activities (i.e. photographs, cassette tapes of radio PSA, video tapes of conference events, newspaper clippings, and so on.)

Grant paperwork beyond a single copy of the items on this checklist can be disposed of after closeout.

Closeout of grants awarded under the standard and simplified formats are conducted in accordance with 22 CFR 226.71. Within 30 days of completion of the entire activity or all milestones, the grantee shall provide a written certification that the activity for which this sub-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 this sub-grant was awarded was completed.

The grants staff 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.

## **L. 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).

## **M. MARKING UNDER USAID-FUNDED ASSISTANCE INSTRUMENTS**

### ***M.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.

### ***M.2 Marking of Program Deliverables***

Currently a branding waiver exists for all implementing partners and grantees working in Iraq. Under normal circumstances, and in the absence of the current waiver, Materials produced under DAI/IRAP will not contain the normal or standard branding/marketing based upon the current branding waiver that exists for Iraq. DAI 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,

DAI will submit one electronic or one hard copy of all final documents to USAID's Development Experience Clearinghouse.

### ***M.3 Implementation of Marking Requirements***

DAI 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 recipient 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 applicant uses to mark the program deliverables with the USAID Identity,
3. When in the performance period the applicant will mark the program deliverables, and where the applicant will place the marking,

In certain cases, DAI 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 both US and Non-US, Nongovernmental Recipients.

## **N. GRANTEE RESPONSIBILITIES**

Each grant agreement will include a clause that states:

“The grantee recipient has full responsibility for the conduct of the project or activity supported under an award and for adherence to the award conditions. Although the recipient is encouraged to seek the advice and opinion of DAI on special problems that may arise, such advice does not diminish the recipient's responsibility for making sound technical and administrative judgments and should not imply that the responsibility for operating decisions has shifted to DAI. The recipient is responsible for notifying DAI about any significant problems relating to the administrative or financial aspects of the award.”

## **O. CONFLICT OF INTEREST**

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

### ***O.1 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 DAI-funded project.

Conflict of interest includes, but is not limited to:

1. An occasion when an individual's private interest differs from his or her professional obligations
2. A situation in which professional actions or decisions occur that an independent observer might reasonably question
3. Nepotism, i.e., favoritism shown to a relative on the basis of an immediate family relationship (Note: immediate family can be defined as parents, children, siblings, grandparents, same categories of in-laws, foster and step children, and anyone living in the same household as a family)

## **VI. PROCUREMENT PROCEDURES**

### **A. Procurement Standards**

USAID/DAI project under the IRAP contract will establish standardized written procurement procedures. These procedures shall provide, at a minimum, that:

- DAI (or the grantee, if receiving cash), will avoid purchasing unnecessary items;
- Where appropriate, DAI or the grantee will determine whether lease and purchase alternatives is the most economical and practical procurement; and
- The recipient 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.
- The following requirements from the Standard Mandatory Provisions for Non-U.S., Nongovernmental Recipients as applicable clauses shall apply to procurement actions under the IRAP grant program:

The following clause as referenced shall apply to all procurement actions under any grant agreement. PROCUREMENT OF GOODS AND SERVICES (OCTOBER 1998)

(This provision is applicable when the procurement element of an award is over \$10,000.)

### **B. 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 DAI'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). DAI 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, Attachment B, a list of "Selected Items of Cost" which describes what is and is not allowable, or allowable under what circumstances (for example, "alcoholic beverages: Costs of alcoholic beverages are unallowable").
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 home office for review and decision when appropriate.
5. Prior to incurring a questionable cost, obtain USAID's Contracting Officer written determination on whether the cost will be allowable. (This should be done even for cash disbursements, as DAI is accountable for the use of funds provided to the grantees.)

DAI will also adhere to the list of restricted goods and services clause from the list in ADS 312 "Eligibility of Commodities". The following restricted goods and services shall not be procured without the prior approval of the USAID Contracting Officer:

- Agricultural commodities\*;
  - Motor vehicles;
  - Pharmaceuticals;
  - Contraceptives
  - Pesticides;
  - Used equipment; and
  - Fertilizer.
- 
- *Waivers on Agricultural Commodities (ADS E312.5.3a2e): Depending on the source origin designation of the DAI contract, 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<sup>1</sup>. DAI will work with the USAID Office of Procurement 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 this program.

**USAID ELIGIBILITY RULES FOR GOODS AND SERVICES (SEPTEMBER 1998)**

(This provision is applicable when the costs for goods or services will be paid for with USAID funds. This provision is not applicable if the recipient is providing for the goods or services with private funds as part of a cost-sharing requirement, or with Program Income generated under the award)

**C. Source, Origin, and Nationality<sup>2</sup>**

The authorized geographic code for the IRAP contract is 935. DAI’s program is designed to adhere to these requirements in accordance with 22 CFR 228.

**D. Recommended Procurement Procedures, by Dollar Amount**

<b>Procurement Amounts</b>	<b>Action(s) Taken</b>	<b>Forms To File</b>
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: - Company names - tel. # - date contacted	Memo to File

<sup>3</sup>Refer to ADS 312 “Mandatory Reference, USAID Commodity Eligibility Listing” for a list of restricted commodities.

<sup>2</sup> References:

- Required as Applicable Standard Provision for non-U.S., Non-Governmental Recipients (#6, USAID Eligibility Rules for Goods and Services).
- Required as Applicable Standard Provision for non-U.S., Non-Governmental Recipients (#8, Local Procurement).
- ADS Chapter 310 “Source, Origin and Nationality”
- 22 CFR 228 “Rules on Source, Origin and Nationality” (although this applies solely to U.S. NGOs, it can be used as guidance).

<b>Procurement Amounts</b>	<b>Action(s) Taken</b>	<b>Forms To File</b>
	- price quoted	
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
If total anticipated price is between \$10,000 and less than \$100,000	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
\$100,000 or more	Must issue formal 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
\$100,000 or more (continued)		Bid Decision Memo to file

The bid committee should be made up of the procurement person and 4 other people: the Chief of Party, the Procurement Officer, and the Program Development Officer. If either the COP or the PDO is not available, then one other person should be on the committee in their place. (Another PDO, the Finance Specialist, or another procurement staff person). The committee members should each sign the Bid Committee form, which confirms choice of the vendor for this procurement. This document should be attached to the bidding documents and put into the file.

DAI staff should avoid the practice of purchasing off the shelf items from one vendor in an exclusive or repeated manner. For routine purchases, DAI should work with several vendors, encouraging them to improve their responsiveness. The COP may elect to draw up a short list of pre-qualified vendors, setting up a working agreement with them for routine purchases. In some countries where suppliers are plentiful, a tendering process may be used to pre-qualify vendors of routine, often purchased items.

**E. 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 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 \$5,000 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 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, 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.

Reference:

- ADS 548 Information Technology (IT) Reviews for equipment over \$100,000

#### **F. 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.

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

#### **G. Travel**

DAI 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, DAI 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.