



USAID
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JUSTICE, HUMAN RIGHTS, AND SECURITY STRENGTHENING (JHRSS) ACTIVITY

GRANTS MANUAL

OCTOBER 2016

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1. BACKGROUND

Through the **Justice, Human Rights, and Security (JRHSS) Activity**, the DAI team will support USAID/Honduras to create more effective judicial and security sector organizations with greater accountability in order to reduce violence in target areas, reduce impunity, and protect human rights. This Activity will improve these institutions' performance, transparency, and quality of engagement with citizens through strategic institutional reform.

DAI will assist the Government of Honduras (GOH) institutions, civil society, and others at the national and local level, in order to achieve the project's three results: 1) citizen engagement with the security and justice sectors improved; 2) efficiency of security and justice systems improved; and 3) increased effectiveness of community police. JHRSS will work in the five target municipalities of Tegucigalpa, San Pedro Sula, Choloma, Tela, and La Ceiba.

2. GRANTS PROGRAM

2.1 GENERAL

As authorized in Section H.6 Grants under Contract (GUC) of the prime contract, JHRSS shall administer a grants program (anticipated maximum of [REDACTED] during the life of JHRSS) throughout the life of the project to carry out actions to increase citizen engagement with the security and justice sectors, bring institutional reform to the security and justice sectors and increase the effectiveness of community police. The grants program funds shall provide a mechanism for funding initiatives that contribute to the overall results required under the prime contract, with an emphasis on rewarding local capacity, sustainability, innovation and creativity.

The grants program will be administered in accordance with the conditions established in ADS chapter 303 (including mandatory and supplementary references), as well as the Code of Federal Regulations 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audits for Federal Awards and 2 CFR 700, USAID Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. All grants must be directly linked directly to the achievement of results in a clear and demonstrable manner and shall be approved by the COR.

In accordance with the prime contract, JHRSS shall award such grants to eligible local entities to further the contract's objectives. The grantees may include a wide range of non-governmental organizations, including but not limited to local community faith-based groups; non-governmental organizations; media, private sector; local and regional governments; student groups; and coalitions of consortia of these entities. The total value of any individual grant to any U.S. organization will not exceed [REDACTED] per ADS 302.3.4.13.c(1). There is no restriction to non-U.S. organizations but these are not expected to exceed [REDACTED].

2.2 KEY OBJECTIVES OF THE GRANTS PROGRAM

JHRSS will award and administer a grants program fund that will be used strategically across all three Activity Results to:

- a) Improve citizen engagement with security and justice sectors;
- b) Improve efficiency of security and justice systems;
- c) Increase the effectiveness of community police.

2.3 GUIDING PRINCIPLES OF GRANTS PROGRAM

The JHRSS Grants Program has four guiding principles:

- a) **Maximize Leverage:** Grants must serve as a mechanism to mobilize additional resources, ranging from local cost share inputs to investments from other sources (i.e. other donor or government programs, private sector investment,) ideally at values equal to or significantly greater than the grant itself.
- b) **Maximize support to local organizations:** JHRSS will use local organizations whenever possible to implement its work under the contract and expects to limit the number of grants issued to US or international organizations.
- c) **Multiply Scale:** Grant activities must be designed to include incentives for replication of the activity via non-project resources (such commercial finance, private sector investment, or dedicated budget allocations) through the demonstrative power of the economic, social or political impact of the activity.
- d) **Continued support to successful subgrantees:** JHRSS will pursue an approach for flexibility in scaling up successful subgrantee efforts over the life of the activity, concentrating resources on local organizations that have largest programmatic impact.
- e) **Serve as a Transitional Mechanism:** Grants are only to be used when other means of obtaining the development objective are not feasible. "Other means" can be defined as private sector investment and initiative, government assistance or direct intervention, or civil society resource mobilization. Grants must also be designed to diminish subsequent need for donations, with a clear element of planning for future, non-project financing of subsequent endeavors.
- f) **Foment Change:** Grants must have a development impact that goes beyond the immediate benefit to the recipients of an individual grant. In other words, grants are not meant to be repetitive, constantly resolving the same issue, but rather transformational.

The scope of grant applications must meet one or a combination of the above guiding principles in order to be considered for funding.

2.4 DEFINITION OF TERMS

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

The Justice, Human Rights, and Security Strengthening (JHRSS) Activity is funded by USAID under the contract number AID-522-TO-16-00007.

USAID/Honduras. United States Agency for International Development in Honduras (hereinafter referred to as “USAID”) provides funds for JHRSS and approves the form and substance of this manual governing the grants program.

DAI Global LLC (DAI) “The Contractor”. The firm which holds the prime contract with USAID for the JHRSS project and the legal principal who will enter into a legally binding Agreement with Grantees.

Grant. Financial assistance that provides support or stimulation to accomplish a public purpose. A legal instrument that governs allocation of funds and defines roles and responsibilities of the parties to the Agreement (i.e., DAI and grantee). Depending on the grants instrument appropriate for a specific activity or grantee, DAI will select between four types of grant instruments: Fixed Amount Award, Simplified Grants, In-Kind Grants, and Standard Grants.

Applicant. A Non-governmental Organization, CSO, private sector institution, cooperative, or other entity that submits an application in response to an RFA, APS or unsolicited proposal.

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

Grant Evaluation Committee. The mandate of the Grants Evaluation Committee (GEC) is to review and evaluate grant applications based on the selection criteria. The GEC then makes a determination as to whether the application should move forward to negotiation, USAID approval, and final award, or if the application is rejected as unsatisfactory according to established grant criteria. The Chief of Party will select team members to comprise the GEC. If any of the voting members are absent, they may designate an alternate staff member to take their place. If an individual provides direct and significant capacity-building guidance to a grantee in developing an application, the individual cannot serve on the grants evaluation committee. The COR has a standing invitation to GEC meetings as a non-voting member. The Grants Manager or his/her designee will serve as a non-voting member of the GEC and as the secretary of the committee. The Grants Manager will review the quantitative and qualitative information provided by GEC members to ensure evaluation criteria were adhered to and proper evaluation processes were followed, will conduct a pre-award responsibility determination and will prepare the grant negotiation memorandum. DAI will submit the grant agreement to the COR for approval, in accordance with Section H.6 Grants Under Contracts (GUC) of the prime contract.

Internal Quality Controls. The Grants Staff are responsible for working with applicants from the application phase through grant award phase by documenting and processing the grants. The Fund/Grants Manager is responsible for overseeing the entire process, drafting and issuing the Request for Application (RFA)/Annual Program Statement (APS), ensuring documentation in TAMIS of all information for each grant, and submitting proposed grantees to the client if required and issuing the awards. The Chief of Party /Deputy Chief of Party is responsible for reviewing the draft RFA/APS for applicability to the program, reviewing of applications and ensuring

that applications conform to project objectives. The DAI/Washington Contracts Administrator is responsible for approving final RFA/APS and submitting grants for concurrence by client if required. The DAI/W Contracts Administrator shall approve grants per DAI's Schedule of Authorities (SOA). The Chief of Party approves of grants as per the Project Schedule of Authorities, and signs off on the final grant agreement and is responsible for ensuring compliance to this procedure and training for project staff.

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

Grant Agreement Modification. Modifications to existing awards may include: administrative change, program description revision, time extension, and budget revision. Any revision of the program description must be within the objective of the JHRSS project.

Amount of Grant: The total value of any individual grant to a US organization will not exceed [REDACTED] per ADS 302.3.4.13.C(1). There is no restriction on the value of individual grants provided to non-US organizations.

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

Program Description. The document submitted as part of a potential grantee's application. Program description includes the Applicant's goals and objectives of JHRSS as well as the proposed activities that will be implemented using JHRSS grants program funding. It therefore forms the primary source of information for evaluating the prospective grantee's full application. Ultimately, if selected this document is included as part of the grant agreement.

Milestones. Key programmatic targets that must be met to qualify for initial or subsequent disbursements of JHRSS funds.

Cost Sharing. Project costs financed with cash or in-kind contributions separate from JHRSS funding, either provided by the recipient or donated by other donors. Cost share funding from other donors must be non-USAID or non-US government. Cost sharing may include contributions to JHRSS from public international organizations, foreign governments, local and international institutions, private organizations and individuals.

Liability. The Contractor will carry liability with respect to its awarding and administration of grants on behalf of USAID, and with respect to the acts or omissions of its grantees hereunder, particularly to the extent that losses to the USAID foreign assistance program arise from the Contractor's negligence or bad faith in performing its responsibilities. USAID will not assume any liability for any third-party claims for damages resulting from the implementation of activities.

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

Program Income. All income earned by the grantee that is directly generated by JHRSS or directly earned as a result of the grant. Program income includes, but is

not limited to, income from fees for services performed; the use or rental of real or personal property acquired under federally-funded projects; the sale of commodities or items fabricated under an award; license fees and royalties on patents and copyrights; and interest on loans made with award funds. Refer to the required as Applicable Standard Provisions entitled “Program Income” for more information.

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

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

2.5 ROLES AND RESPONSIBILITIES

Contracting Officer (CO). An official of USAID that maintains substantial involvement in the grant process by formally approving this Manual for use in the award and administration of grants under the JHRSS contract. The CO is the USAID official with approval authority for grant awards and unilateral termination of grants in extraordinary circumstances.

Contracting Officer’s Representative (COR). The COR is the USAID/Honduras official responsible for administration and technical oversight of JHRSS. The COR maintains a substantial involvement in the award process and has the authority to approve grant recipients. He/she has an open invitation to sit on the GEC as a non-voting member or to designate another USAID representative to serve on his/her behalf.

Chief of Party (COP). The COP is the legal representative of DAI for the USAID JHRSS Program. The COP approves the grants fund strategy, terms of award competition, and provides the final project-level approval of each grant after the GEC has made a recommendation. Upon approval from the USAID COR, the COP signs awards/the grant agreement. The COP reports to the DAI Home Office Project Technical Director assigned to this Activity, and they are jointly responsible for overall program and contract compliance.

Deputy Chief of Party (DCOP). The DCOP provides technical oversight to the grants program as part of his/her general portfolio and responsibilities in direct coordination with the appropriate Regional Manager as applicable. The DCOP will delegate responsibility to the appropriate member of the technical team (generally the Activity Result Advisors or Result Coordinators) for technical oversight of each grant. This includes writing the technical Terms of Reference (ToR) for awards, approving grantee work plans, approaches from a technical perspective, and assuring technical compliance.

Regional Directors. The Regional Directors are responsible for overall management of grants in their region as assigned by the COP and in coordination with the DCOP and Grants Manager.

Monitoring and Evaluation (M&E) Manager. The progress, success and impact of the grantee's performance under this contract will be monitored and evaluated as a part of the overall activity results. All grantees will be subject to regular and periodic monitoring visits and reporting requirements. JHRSS shall prepare an EMMP for each proposed sub-award, except those that qualify for a categorical exclusion. In the case of a categorical exclusion, the contractor shall complete and submit for USAID approval table 1 of the EMMP (Environmental Review Form- ERF) in order to ensure the funded proposals shall result in no adverse environmental impacts. Implementation of sub-awards shall not begin prior to USAID written approval of the corresponding EMMP. The Contractor is responsible for ensuring that mitigation measures specified in the EMMP are implemented.

Activity Result Advisors. The Activity Result Advisors are responsible for technical oversight and design of grants as assigned by the DCOP and for ensuring that any gender and vulnerable populations issues that need to be addressed to promote equality, equity and women empowerment are included in grants.

Result Coordinators. The Results Coordinators are responsible for the technical coordination of grantees as assigned by the Regional Manager(s). This delegation shall be made in coordination with the relevant Activity Result Advisors and in consultation with the DCOP.

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

Grants Officers. The Grants Officers as delegated by the Grants Manager may be responsible for providing technical support to the applicant and grantee and technical management of the grant from the time of application to approval, monitoring grantee performance, recommending payments, preparing requests and justifications for grant modifications, certifying grant completion, and recommending closeout. Technical approval of milestones will be the responsibility of the relevant technical team member overseeing the grant, however, the Grants Officer will review for other aspects of compliance/performance. This individual or his/her designee will be a non-voting member of the GEC.

Finance and Operations Director. Upon grant award, the Finance and Operations Director or his/her designee will be responsible for issuing advances and tranche

payments once approved by the Grants Manager and the relevant Activity Advisor. The Finance and Operations Director will work closely with the Grants Manager with regard to the pre-award responsibility of applicants.

2.6 STANDARD OF CONDUCT

JHRSS, its employees and partners shall maintain high standards of ethical conduct in any implementation process, in the award selection, implementation, and oversight of program activities. Each JHRSS employee involved in the grants award process must sign a "Conflict of Interest" Certification and must adhere to U.S. Federal Law and regulations, USAID rules and regulations, and DAI corporate policies and procedures. If any JHRSS employee or partner becomes aware of any allegations of unethical or prohibited acts stated below, the individual is obligated to immediately inform, verbally or in writing the COP of such alleged conduct. Investigation may be done and appropriate actions will be taken to remedy, correct, mitigate, or otherwise resolve the unethical conduct or prohibited acts. The employee or partner may also contact DAI's Chief Ethics and Compliance Officer at [REDACTED], at ethics@dai.com, via the DAI ethics hotline at +1-503-597-4328, through the website at www.dai.ethicspoint.com, or directly to the USAID Inspector General at ig.hotline@usaid.gov. Immediate notification of such a concern will permit DAI to take appropriate action, including further investigation, remediation and disclosure to USAID, as appropriate.

DAI has a strict non-retaliation policy. DAI and its partners will not discharge, demote, suspend, threaten, harass, or in any manner discriminate against any person in terms and conditions of employment based upon any lawful actions of that person in making a good-faith report of ethics or compliance concerns. This whistleblower protection cannot be waived by any agreement, policy, form, or condition of employment.

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

Bribery and Kickbacks: An employee soliciting for money, favors, or anything of value by or on behalf of a prospective partner to influence or reward an official decision or an employee or JHRSS partner is providing, offering any money, fee, commission, credit, gift of any value, object of value to obtain favorable treatment.

Solicitation of Favors: JHRSS employees may not solicit gifts, meals, entertainment, personal discount, travel and transportation, lodging, goods, cash or other favors from partners, suppliers, grantees, vendors or other business acquaintances.

Conflict of Interest: A conflict of interest is any interest, financial or otherwise, direct or indirect; participation in any business, transaction or professional activity; or incurring of any obligation of any nature, which is or appears to be in substantial conflict with the proper discharge of duties in relation to a DAI-funded project. Conflict of interest includes, but is not limited to:

- An occasion when an individual's private interest differs from his or her professional obligations;
- A situation in which professional actions or decisions occur that an independent observer might reasonably question;

- Nepotism, i.e., favoritism shown to a relative on the basis of an immediate family relationship (Note: immediate family can be defined as parents, children, siblings, grandparents, same categories of in-laws, foster and step children, and anyone living in the same household as a family).

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

DAI employees and partners shall scrupulously avoid the appearance of a conflict of interest. The appearance of a conflict of interest can be avoided or minimized if an employee or partner notifies a supervisor, manager or the COP so that appropriate action can be taken, such as relying on another employee to perform the function or make a decision for the specific transaction in question. Disclosure of an appearance of conflict of interest before an activity begins permits DAI to avoid the conflict. Discovery of a conflict of interest after decisions are made may result in disciplinary actions, including removal from the project.

Standard Provisions: All standard provisions will be included in the sub-grant agreements as shown in the Annexes to this Grants Manual.

3. TYPES OF GRANTS

According to ADS 302 and 303, JHRSS will be implemented using the following grant agreement formats: Simplified Grant, Fixed Amount Awards, Standard Grants, and In-Kind. The descriptions in the sections below permit the GEC to evaluate which format, given its associated requirements and parameters, is appropriate and practical for each grant activity.

3.1 STANDARD GRANTS

The standard grant format may be used for eligible organizations provided that they have the financial and management capacity to receive direct cash disbursements. The primary advantage of the Standard Grant is decreased administrative burden in that the method of cash disbursement is more flexible. The disadvantage is that the Standard Grant can only be issued to more developed organizations that possess documented management capacity. Additionally, the grant document is itself more complicated than other formats in that all Mandatory Standard Provisions for either US or Non-US, Non-Governmental Recipients and Required as Applicable Standard Provisions for either US or Non US; Nongovernmental Recipients must be included as attachments to the grant agreement. The implementation of Standard Grants is governed by the following federal and USAID regulations:

- Mandatory Standard Provisions for US and Non-U.S., Non-Governmental Recipients (depending on the organization); and
- Required as Applicable Standard Provisions for US and Non-US Non-Governmental Recipients (depending on the organization).

As with other types of 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.

An applicant’s financial and management responsibility will be ascertained through the Pre-Award Responsibility Determination process, which involves a site visit to the applicant’s office. During this visit, the administrative and financial management systems and processes utilized by the applicant are assessed, including monitoring and evaluation systems, procurement and inventory management, personnel, and technical operations. See Section 6.5, Pre-Award Responsibility Determination, for more details on this process.

Method of payment

Cost reimbursement payment method is preferred. However, if the applicant/grantee is unable to implement due to financial difficulty, advance method of payment may be authorized. If an advance payment is issued, all advances will be made in accordance with the conditions established in ADS 636. Note the advance payment will be made under the condition that a determination is made that the recipient’s financial system meets the standards for fund control and accountability as established in 2 CFR 200.

DAI may advance grant funds to cover the minimum amount needed, timed in accordance with the actual immediate cash requirements of the recipient for the approved project, normally one month.

Beginning with Month Two, the grantee shall be reimbursed for the previous month’s actual expenses upon submission and approval of a monthly financial report. In no case shall 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 shall 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.

Per ADS 303, in order to obtain the advance, the recipient must request the funds for the initial thirty-day period of projected cash needs immediately upon signing the award. Additional advance payment requests must be submitted at least three weeks prior to the period for which funds are needed, in order to maintain a consistent cash flow. An advance may not exceed 30 days of the organization’s projected expenses. Subject to DAI’s approval, requests may be submitted every 30 days covering a 30-day period. Requests must state the estimated disbursements to be made during the period covered by the request, the estimated balance of cash on hand from prior advance requests, and the advance amount being requested.

3.2 SIMPLIFIED GRANTS

The simplified grant mechanism is advantageous in that it offers a more streamlined approach to the issuance of small grants under USAID contracts. For simplified grants, all disbursements are made on a reimbursement basis, so grantees must

possess adequate capital up front to begin incurring expenses without a cash transfer from DAI. The simplified grant format is used when an organization possesses sufficient cash flow but lacks the capacity to manage direct cash disbursements. This format can also be used in a situation in which JHRSS would like to have more control – either programmatically or administratively – over the progress of the activity.

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

- The assistance instrument is a grant not a cooperative agreement;
- The total value of the grant does not exceed [REDACTED] for U.S. organizations and [REDACTED] for non-U.S. organizations;
- All costs to be charged to the grant are identified in the grant text and do not include international airfares or indirect costs;
- Any goods to be purchased by the grantee meet the rules governing local cost financing and geographic code and do not include ineligible or restricted goods, and no single item having a useful life of over one year and an acquisition cost of [REDACTED] or more shall be purchased;
- 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;
- Sub-agreements, if any, must meet the same conditions listed here for simplified format grants;
- The grantee is required to sign the applicable certifications listed in ADS 303.3.8; and,
- The recipient shall receive payments on a reimbursement basis (i.e., no advances are allowed); the grantee must also demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant is cost reimbursable upon presentation of receipts.
- No indirect costs are allowed under simplified grants.

Disbursement

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

3.3 FIXED AMOUNT AWARDS TO NON-GOVERNMENTAL ORGANIZATIONS

This format allows for the award of a grant for very specific program elements without the requirement of JHRSS monitoring of the actual costs subsequently incurred. It is intended to support specific projects where costs are certain and where the accomplishment of grant "milestones" is readily discernible. ADS 303.3.25 states that a FAA is appropriate when supporting a specific project and when DAI is confident

that a reasonable estimate of the actual cost of the effort can be established and clear milestones can be defined. Furthermore, DAI will ensure that all FAAs awarded will comply with the FAA Entity Eligibility requirements per ADS 303.3.25(a)(3). DAI will also ensure that the grantee provides sufficient cost information to allow for negotiation of a reasonable estimate of the actual cost of the overall effort so that DAI does not pay more than the reasonable value for the completion of the grant.

Partial payments may be made upon demonstration of achieved milestones, and payment amounts should reflect the relative value of the milestones achieved. Payment is always made upon completion of activities related to specific milestones, i.e., no advances are allowed.

JHRSS may utilize the USAID format of fixed amount award when the grant meets the following conditions (per ADS 303.3.25):

- The award complies with the conditions for fixed amounts awards found at 2 CFR Part 200.201.
- The assistance instrument is a grant, not a cooperative agreement.
- JHRSS staff has complied with the requirements of ADS 303mak Fixed Amount Award Entity Eligibility Checklist, including ensuring that the recipient has signed pre-award certifications, as specified in ADS 303.3.8.
- The prospective recipient and JHRSS must be able to identify and quantify programmatic accomplishments or results in establishing grant milestones, per ADS 303saj, Fixed Amount Awards to Non-Governmental Organizations.
- JHRSS must assess the risk factors that could prevent the proposed recipient from completing the activity or require a substantial change in the milestones. JHRSS must not use the Fixed Amount Award mechanism if there is an unacceptably high risk of failure or substantial changes in the milestones are expected as the recipient implements its program. JHRSS must document the risk assessment and may use the guidance in ADS 303 Fixed Amount Awards to Non-Governmental Organizations.
- Adequate cost information must be available to allow JHRSS to determine and negotiate the fixed amount of the grant and payment structure. The fixed amount should include all reasonable costs, as determined by JHRSS. For further guidance concerning the cost information required and payment structuring, see ADS 303 Fixed Amount Awards to Non-Governmental Organizations and ADS 303 Fixed Amount Award Entity Eligibility Checklist.
- JHRSS must document the rationale for selecting the Fixed Amount Award mechanism.
- The duration of the Fixed Amount Award must not exceed three years.
- The Fixed Amount Award must not include the purchase of any real property.

JHRSS must ensure that the Fixed Amount Award includes all of the Mandatory Provisions from ADS 303 Standard Provisions for Fixed Amount Awards to Nongovernmental Organizations. In addition, JHRSS must ensure the Fixed Amount Award includes ONLY the applicable “Required, As Applicable” provisions from ADS 303 Standard Provisions for Fixed Amount Awards to Nongovernmental Organizations.

Disbursements

Since payments are based on the achievement of milestones, the structure of the payments is very important. JHRSS pays Recipients a set amount when they

accomplish a milestone. It is therefore essential that the JHRSS Team have sufficient cost information to allow for negotiation of the payments. Grant closeout is accomplished by JHRSS acceptance of the final milestone and approval of payment.

Milestones are established for a verifiable product, task, deliverable, or goal of the Recipient. The milestones will generally have three parts: (1) a description of the product, task, deliverable, or goal to be accomplished; (2) a description of how the recipient will document the completion of the product, task, deliverable, or goal; and (3) the amount that JHRSS will pay the recipient for the deliverable. Some milestones may also have dates indicating when the milestone is expected or required to be completed. However, depending on the nature of the activities in the award, a milestone date may not be necessary or appropriate and/or milestone completion may or may not be sequential when dates are estimated. The specifics of the milestone timing (and whether or not there is flexibility) will be detailed in the Grant Agreement.

A sample Milestone schedule follows:

Milestone	Documentation	Payment Amount
Implementation Plan	Implementation Plan approved by JUSTICE, HUMAN RIGHTS, AND SECURITY STRENGTHENING (JHRSS) ACTIVITY	██████████
Survey in ...	Survey Report	██████████
Training in ...	Training materials and attendance sign-in sheet	██████████

3.4 IN-KIND GRANTS

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.

Where DAI is purchasing on behalf of the grantee, all items purchased will be delivered to site(s) by DAI.

An important aspect of implementing in-kind grants is ensuring that all program property is properly used once the grant is complete. Once procured, the grantee is required to use and conserve the property for the purposes specified in the program description in the grant agreement and in accordance with the Standard Provision: Title to and Use of Property (December 2014). JHRSS must obtain USAID Contracting Officer permission for disposition of all non-expendable property (NXP) to the grantee at the time it is handed over to the grantee.

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

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

Disbursements

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.

3.5 GRANTS TO GOVERNMENT ENTITIES

Normally, USAID implements large grants to cooperating country governments within the framework of a Strategic Objective Grant Agreement (SOGA). With authorization of the USAID Contracting Officer, grants under contract may be awarded to various government units or entities. Such grants may be for training or provision of equipment, technical assistance and the grant would be structured as an In-Kind to Local Governments or direct implementation project so that no cash is handed over to the local government.

The implementation of these in-kind grants shall follow the same procedure as in-kind grants to the other types of recipients described in this manual. Below are additional requirements for the exceptional cases where other grant types (involving the transfer of funds) may be provided to Partner Government Entities These requirements do not apply to in-kind grants.

(1) CO approval will be in accordance with ADS 302.3.4.13(b)

(II) Award Amount Thresholds

- Partner Government Entities: The total value of all GUCs that provide funds (as opposed to in-kind assistance) to a particular partner government entity (for example, ministry, municipality, district, etc.) must not exceed ██████████ for the duration of the prime contract.

(III) Partner Government Entities. For GUCs that provide funds to partner government entities, JHRSS is required to:

- Incorporate into the grant all required terms and conditions from the prime contract award specifically relating to GUCs, and those regarding audit, monitoring and oversight by the prime recipient. This is not subject to deviation.
- The grant must include language that captures the audit, monitoring, reporting, and oversight requirements in the recipient's award. This is not subject to deviation. The grant must also include the appropriate flow-down requirements from the prime award.

(IV) USAID must retain within the contract the ability to terminate the grant activities unilaterally in extraordinary circumstances.

4. GRANT ELIGIBILITY REQUIREMENTS

4.1 MINIMUM ELIGIBILITY CRITERIA

The minimum eligibility criteria for grant applications are as follow:

- Organizations eligible for funding include, but not limited to:
 - Civil society organizations (including, but not limited to, women’s organizations, community organizations, ethnic organizations, LGBTI groups)
 - Professional associations
 - Government entities
 - National and international non-government organizations
 - Universities
 - Faith-based organizations, and
 - Other civil society partners.
- Applicant is not a debarred organization;
- Proposed activity does not exceed ████████ for U.S. organizations in accordance with ADS 302.3.4.13.C(1). There is no restriction for non-U.S. organizations.
- Proposed activity must meet at least one or a combination of the JHRSS objectives.
- Proposed activity must contain expected outcomes and results consistent with and linked to JHRSS results framework specifically in the Performance Monitoring Plan (PMP);
- Proposed activity must provide cost-sharing/matching of at least 10% of total value of the grant activity either in cash or in-kind contribution or a combination of cash and in-kind contribution. Co-funding by other non-US Government partners may also be counted as cost sharing.

4.2 INELIGIBLE ORGANIZATION

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

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

4.3 HIGH RISK GRANTEES

If the GEC team evaluates the financial management capabilities of a grantee and determines that they are limited or deficient, they will classify them as high-risk organizations per ADS 303.3.9.2. The Grants Manager will report the findings to the

JHRSS COP with a recommendation to not make an award or make a special award with the following conditions: 1) additional financial reporting detail or frequency; and 2) providing technical assistance and/or training to the grantee. This option may be used only for such a period of time until the potential recipient can correct any institutional deficiencies but not for the life of the award. If this recipient is classified as high risk, JHRSS may consider an in-kind grant instead of a financial award.

4.4 INELIGIBLE ACTIVITIES AND UNALLOWABLE COST

ADS 312.3.3 states that grant funds cannot be utilized for the following:

- Private ceremonies, parties, celebrations, or "representation" expenses.
- Purchases of restricted goods, such as agricultural commodities, motor vehicles, pharmaceuticals, pesticides, timber extraction or processing equipment, used equipment, and fertilizers. If procurement of these restricted goods is necessary, DAI will request approval from the Contracting Officer and will procure items directly and donate in kind to the grantee.
- Prohibited goods under USAID regulation ADS 312.3.4, including but not limited to: police or law enforcement equipment, abortion equipment and services, weather modification equipment, luxury goods, and gambling equipment.
- Purchases of goods or services restricted or prohibited under the prevailing USAID source/origin/ nationality and other regulations found under ADS 310.3; or from countries or suppliers as may be identified by USAID's consolidated list of debarred, suspended, or ineligible subcontractors in the System for Award Management (SAM) (www.sam.gov).
- Any purchases or activities deemed unnecessary to accomplish grant purposes as determined by DAI, including any grantee headquarters expenses that are not directly linked to the implementation of the proposed project.
- Previous obligations and/or bad debts.
- Fines and/or penalties.
- Creation of endowments.
- Other costs unallowable under USAID and/or federal regulations, such as alcoholic beverages. Refer to 2 CFR 200 and FAR 31.2 "Cost principles for Commercial Organizations".
- Construction Activities. Construction means: construction, alteration, or repair (including dredging and excavation) of buildings, structures, or other real property and includes, without limitation, improvements, renovation, alteration and refurbishment. The term includes, without limitation, roads, power plants, buildings, bridges, water treatment facilities, and vertical structures.

4.5 REQUIRED CERTIFICATIONS

When awarding a Fixed Amount Award (FAA) the following certifications must be completed by the grant recipient:

- Standard Provisions for Fixed Amount Awards to Nongovernmental Organizations.

The grant recipient, prior to receiving the grant award must sign the following certifications, except for a Fixed Amount Award (FAA) since it is outlined above:

- a) A signed copy of ADS 303 Certifications, Assurances, and Other Statements of the Recipient and Solicitation Standard Provisions, which includes:

1. Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs (This assurance applies to Non U.S. organizations, if any part of the program will be undertaken in the U.S.);
 2. Certification Regarding Lobbying (22 CFR 227);
 3. Prohibition on Assistance to Drug Traffickers for Covered Countries and Individuals (ADS 206, Prohibition of Assistance to Drug Traffickers);
 4. Certification Regarding Terrorist Financing;
 5. Certification Regarding Trafficking in Persons; and
 6. Certification of Recipient.
- b) Other certifications and statements found in ADS 303 Certifications, Assurances, and Other Statements of the Recipient and Solicitation Standard Provisions:
1. A signed copy of Key Individual Certification Narcotics Offenses and Drug Trafficking, (ADS 206.3.10) when applicable;
 2. A signed copy of Participant Certification Narcotics Offenses and Drug Trafficking (ADS 206.3.10) when applicable;
 3. For US organizations, a completed copy of Representation by Organization Regarding a Delinquent Tax Liability or a Felony Criminal Conviction;
 4. Other Statements of Recipients.

5. GRANT AWARD PROCESS

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

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

5.1 RESTRICTIONS TO ELIGIBILITY

Eligibility may be restricted only when an exception to restrict eligibility applies and is documented in accordance with ADS 303.3.6.5.

Justifications to Restrict Eligibility (JRE)

JHRSS must prepare a justification for use of an exception to restrict eligibility under ADS 303.3.6.5 using the Justification to Restrict Eligibility (JRE) Template when required and submit as part of the approval package that will go to the COR for grantee technical approval.

Each justification must contain sufficient facts and rationale to justify the use of the specific exception cited. Requirements for the content of justifications and applicable

clearances and approval authorities are determined by a combination of the following:

- The type of exception used (see paragraph 303.3.6.5a(2) below), and
- Whether the action is a follow on or extension (see paragraph 303.3.6.5a (3) below).

Eligibility may be restricted when one of the exceptions to restrict eligibility below applies:

- Exclusive or predominant capability. JHRSS may restrict eligibility, including sole-source, on awards when it considers a recipient to have exclusive or predominant capability based on one of the following criteria:
 - Proprietary resources.
 - Specialized facilities or technical expertise.
 - An existing and unique relationship with the cooperating country or beneficiaries.
 - Participation in a Global Development Alliance, USAID's business model promoting public-private alliances as a central element of the Agency's strategic assessment, planning, and programming efforts.

This exception may not be used to continue an on-going relationship when the applicant developed the exclusive or predominant capability during performance of a JHRSS award.

- a. Small grants.
JHRSS may issue other than full competition, including sole-source, awards with an estimated value each of [REDACTED] or less and a term of no more than one year.
- b. Restricted eligibility for efficiency.
JHRSS may limit competition to a selected group of applicants when it is necessary for sake of efficiency.
- c. Unsolicited applications.
Unsolicited applications are those submitted to JHRSS for an award by an applicant solely on his or her initiative, without prior formal or informal solicitation by JHRSS may make an award based on an unsolicited application, when the application:
 - Clearly demonstrates a unique, innovative, or proprietary program.
 - Represents an appropriate use of USAID funds to support or stimulate a public purpose.
 - Fits within an existing Activity Result.

To use this exception to competition, the Grants Manager must first certify that JHRSS did not solicit the application and that it was submitted by the applicant solely on his or her own initiative.

- d. Follow-on awards and extensions.
A follow-on award is a new award to an entity to perform activities that are the same as or substantially similar to those included in a recently expired previous agreement with the same entity. An extension is an amendment to increase the total estimated amount of an existing

award, usually to provide additional activities within the program description, to extend the period of the award, or both.

JHRSS may restrict eligibility for follow-on grants or extensions to existing awards. The follow-on exception must not be used to continue a relationship with a recipient that received an award based on the small grant award exception. A justification for the use of this exception is not required if the amendment is for strictly administrative purposes, including:

- i. Incremental funding actions,
 - ii. Changes which do not require:
 1. An increase to the total estimated amount of the award, or
 2. A substantive change to the program description,
 - iii. A no-cost time extension, or
 - iv. An extension authorized under 2 CFR 200.308 (d)(2).
- e. Other Exceptions to Restrict Eligibility.
- The following exceptions to restrict eligibility do not require the preparation of a JRE when the specific requirements of the exception, provided below, are met.
- a. Emergency and Disaster Assistance
 - b. Restricted Eligibility to Local or Regional Entities
 - c. Transition Awards

Exceptions to restrict eligibility must not be justified on the basis of:

- Mobilization costs,
- Demobilization costs,
- Continuing relationship (except when sections 303.3.6.5a. (2)(a) or (h) apply),
- Lack of planning, or
- Concerns about amount of funds available, such as expiring funds.

5.2 OVERVIEW OF THE AWARD PROCESS

The Contractor shall strongly encourage competition in the award of grants in order to identify and support the best possible activities to achieve program objectives. Competition will be solicited through Requests for Application (RFAs) or Annual Program Statements (APSs). RFAs will support a specific type of activity and must be published at least 30 calendar days before the applications are due. APSs will be used to ensure a steady stream of innovative activities based on rolling assessments of priority interventions.

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

After the type and methodology for solicitation have been established, the Activity Advisor or his/her designee and the Grants Manager will draft the RFA or APS, based on an established template. JHRSS will submit specific RFA/APS to USAID as requested for comment (not approval) before release. The Grants Manager will also

work closely with the technical staff during the solicitation, review, approval, and execution of approved grants.

5.3 TYPES OF APPLICATIONS

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

5.3.1 UNRESTRICTED ELIGIBILITY

The Contractor anticipates issuing awards through unrestricted eligibility for awards that are more general in scope. Illustrative characteristics of activities that would likely be awarded through unrestricted eligibility include the following:

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

Unrestricted Eligibility Process

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

1. **RFA/APS Preparation** – The RFA/APS document will be prepared by the JHRSS Team.
2. **USAID Approval** – Before advertising the RFA/APS, the Contractor will request the approval of the USAID Contracting Officer Technical Representative (COR).
3. **Public Notice** – A notice will normally be made in at least two Honduran newspapers with widespread distribution, or on a virtual opportunity website like *Red Desarrollo Sostenible* (RDS), or on JHRSS project internet website in order that U.S. Non-Government Organizations, non-U.S. NGOs and International Organizations may become aware of this RFA/APS.
4. **RFA/APS Distribution** – The RFA/APS will be distributed to all organizations requesting the RFA. Proposals will be due at least 30 calendar days from the issuance date, unless otherwise stipulated in the RFA/APS.
5. **Applicants Conference** – When multiple awards are anticipated, the Contractor may opt to hold a conference with applicants regarding the solicitation. Information on the applicant conference (that is date, time, and location) will be provided in the RFA/APS.
6. **Clarifications** – The Grants Manager will provide in writing answers to written questions/clarifications from applicants regarding the solicitation. It is expected that the time frame for this stage will be less than one week.

7. **Proposal Development** – Applicants will develop their proposal according to the required format.
8. **Grants Evaluation Committee** – Once the submission period has closed, a Grants Evaluation Committee will be convened to evaluate the proposals. The Committee will evaluate proposals based on the criteria prescribed in the RFA/APS and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other disposition. An evaluation scoring sheet will be prepared by each of the GEC members with strengths and weaknesses identified for each evaluation criteria. In the GEC memo, the Grants Manager will summarize the scorings as well as the strengths and weaknesses and recommendations.
9. **Negotiation**– Once initial selection of the grantees is made, the Grants Committee or its designee may engage in additional negotiations with the prospective grantee to resolve any outstanding concerns regarding the proposal. Site visits and interviews of management personnel are optional for the Grants Committee.
10. **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 2 CFR 200 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. DAI will follow the procedure listed in section 6.5 Pre-Award Risk Assessment and Due Diligence of this Manual.
11. **Award** – Subject to COR approval, in accordance with the JHRSS Contract and the thresholds there established, the Contractor may process the grant agreement. Those proposals not receiving an award will be notified in writing and provided with an explanation as to why the applications were not considered for funding.

5.3.2 DIRECT SOLICITATIONS

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

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

Direct Solicitation Process

The direct solicitation will follow the process outlined below.

1. **Activity Identification** – Identify a specific activity that supports project technical assistance, training, and/or any other activity that can be assisted by grant funding under the terms provided in this manual.
2. **Development of Program Description** – In consultation with the COR and Project counterparts, the Contractor will develop a Program Description. In general, Program Descriptions for direct solicitations will be developed in direct response to a perceived need and will consist of a specific activity within a defined geographic area.
3. **Pre-Identification of Applicants** – The JHRSS team will pre-identify capable candidates for receipt of the direct solicitation and will document why direct solicitation was selected and how the pre-identified applicants were selected.
4. **USAID Approval**– Justification to Restrict Eligibility (JRE) must be documented and approved by the COR.
5. **Direct Solicitation** – The Contractor will provide the solicitation to the organization(s) and provide general guidance in the preparation of a proposal.
6. **Grants Evaluation Committee** – Once the submission period has closed, Grant Evaluation Committee will be convened to evaluate the application(s) based on the evaluation criteria. The Committee will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other disposition.
7. **Negotiation** – Once initial selection of the grantees is made, the Grants Committee or its designee may engage in negotiations with the prospective grantee to resolve any outstanding concerns regarding the application. Site visits and interviews of management personnel are optional for the Grants Committee.
8. **Pre-Award Responsibility Determination** – As outlined in Section 6.5, the Contractor will undertake a Pre-Award Responsibility Determination to ascertain the level of management and financial capacity of the applicant. The level of scrutiny will be determined by the format of the grant under consideration.
9. **Award** – Subject to USAID COR approval, the COP will proceed with the signing and commencement of the award.

5.3.3 UNSOLICITED APPLICATIONS

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

Applications must be submitted solely on the applicant's initiative without prior formal or informal solicitation to qualify. Awards may be made based on an unsolicited application where the application clearly demonstrates a unique, innovative, or proprietary capability, represents appropriate use of JHRSS grant funds to support

the JHRSS objectives, fits within JHRSS Work Plan for a specific period, and the applicant is determined as a responsible organization.

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

Unsolicited Application Process

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

1. **Application Screening** – The Grants Manager will screen applications/proposals based on the minimum eligibility requirements as stated in Section 4.1 and forward eligible grant applications to the Grants Evaluation Committee.
2. **Grants Evaluation Committee** – The Grant Evaluation Committee will evaluate applications based on the proposed program description and cost that may support the JHRSS project to achieve the expected results, the evaluation criteria in Section 6.2, and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other disposition.
3. **Pre-Award Responsibility Determination** - As outlined in Section 6.5, the Contractor will undertake a Pre-Award Responsibility Determination to ascertain the level of management and financial capacity of the applicant. The level of scrutiny will be determined by the format of the grant under consideration.
4. **Negotiation** - Once initial selection of the grantee is made, the Grants Committee or its designee may engage in negotiations with the prospective grantee to resolve any outstanding concerns regarding the application. Site visits and interviews of management personnel are optional for the Grants Evaluation Committee.
5. **Award** – Subject to COR approval, in accordance with the JHRSS Contract, the Contractor may negotiate and process the grant agreement.

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

5.4 SOLICITATION FORMAT (ADS 303.3.5.3)

When issuing a solicitation, either an RFA or an APS, JHRSS must follow the established format in. A summary of the format is as follows:

1. Program Description: contains the full program description of the funding opportunity. It may be as long as needed to adequately communicate to potential applicants the areas in which funding may be provided. Specifically, the Program Description:
 - (1) Must describe JHRSS’s funding priorities or the programmatic or focus areas in which JHRSS intends to provide assistance.

- (2) Must include a statement identifying the authorizing legislation (generally the Foreign Affairs Act) and whether the award is subject to 2 CFR 700 and 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
 - (3) May include any program history.
 - (4) May include indicators of successful projects (e.g., if the program encourages collaborative efforts).
2. Award Information: provides sufficient information for a potential applicant to decide whether to submit an application. This section must include:
- (1) The estimated total amount of the program, the expected number of awards, and the financial range of the individual awards,
 - (2) The anticipated start dates and performance periods for new awards.
3. Eligibility Information: addresses the considerations and factors that determine applicant or application eligibility for award. This section must:
- (1) Identify the types of entities that are eligible to apply. Include a statement to the effect that USAID encourages applications from potential new partners. If there are no restrictions on eligibility, this section must indicate that all potential applicants are eligible (per ADS section 303.3.6 on Eligibility).
 - (2) Describe the cost sharing element.
- When cost sharing is suggested and will be a factor in determining who will receive an award, the announcement must explicitly describe how cost sharing will be considered as part of the review process. Do not use vague statements such as “cost sharing is encouraged.” If applicable, the announcement must clearly state any restrictions or special conditions regarding the types of costs that are acceptable for cost sharing (consistent with 2 CFR 200.306), the RFA must explicitly state it. This section must refer to the pre-award requirements for submission of documentation to verify commitments to meet cost-sharing requirements.
- (3) State any limit on the number of applications an applicant may submit under the RFA/APS and make clear whether the limitation is on the submitting organization, individual investigator/program director, or both.
 - (4) If applicable, include any other eligibility criteria, i.e., criteria that will make an application or project ineligible for a Federal award. These criteria must be clearly stated and must include a reference to the regulation or policy that describes the restriction, as applicable (see 303.3.6.1(d) Multi-tiered Review).
4. Application and Submission Information, must include:
- (1) Point of Contact Information, including the name, title, street address, e-mail, and phone number, so that an applicant may obtain any materials

needed for the application or otherwise communicate regarding the application requirements.

(2) Content and Format of Application Submission, must identify the required content of the application and forms or formats that an applicant must use.

(3) Dun and Bradstreet Universal Numbering System (DUNS). This section must state clearly that each applicant (unless the applicant is an individual or Federal awarding agency that is excepted from those requirements under 2 CFR 25.110(b) or (c), or has an exception approved by the Federal awarding agency under 2 CFR 25.110(d)) is required to:

- Provide a valid DUNS number in its application when applying for a grant of [REDACTED] or more; and

(4) Submission Dates and Times for application submission must be identified. This section must also detail how JHRSS makes the determination that an application has been received in time, and consequences of late submission (see 303.3.6.6).

(5) Funding Restrictions. Notices must include information on funding restrictions to allow an applicant to develop an application and budget consistent with program requirements. Examples are whether construction is an allowable activity (see 303.3.30), if there are any limitations on direct costs such as foreign travel or equipment purchases, and if there are any limits on indirect costs). This section must include a statement regarding whether the award will or will not allow the reimbursement of pre-award costs.

(6) The required certifications, assurances, and solicitation provisions found in 303.3.8.

(7) Other submission requirements. This might include the format of submission (paper or electronic) and where the applicant must submit the application. If JHRSS authorizes electronic submission, advise what the applicant should do in the event of technical difficulties and provide a point of contact.

5. Application Review Information, must include:

(1) The selection criteria and any sub-criteria that JHRSS will use when reviewing applications, including an indication of their relative importance (see 303.3.6.3). The selection criteria are distinct from eligibility criteria that are addressed prior to acceptance of an application. If the selection criteria vary in importance, the RFA must specify the relative percentages, weights, or other means used to distinguish among them.

(2) If an applicant's proposed cost sharing will be considered in the review process (as opposed to being an eligibility criterion described in Section III.2 (see 303.3.5.2.c(2))), a clear statement of how JHRSS evaluates cost sharing as part of the review process (see 303.3.10) must be included in the RFA.

(3) Anticipated Announcement and Award Dates. This section is optional and intended to provide applicants information for planning purposes.

6. Award and Administration Information must include:

(1) Award Notices. This section must address what a successful applicant can expect to receive following selection. State that a notice of award signed is the authorizing document, whether JHRSS will provide it electronically, and to whom JHRSS will provide it. JHRSS may include a description of the form, the content of notifications to unsuccessful applicants, and whether requests for additional information will be considered from unsuccessful applicants.

(2) A statement identifying how the award will be administered, including the applicable standard provision and any approved deviations from the Standard Provisions. For U.S. organizations, the solicitation must state that 2 CFR 700, 2 CFR 200, and ADS 303 Standard Provisions for U.S. Non-governmental Organizations are applicable. For non-U.S. organizations, the solicitation must state that ADS 303 Standard Provisions for Non-U.S. Non-governmental Organizations will apply. JHRSS prefers that, instead of attaching complete copies of 2 CFR 200 and 2 CFR 700 to the RFA, the RFA direct applicants to the source (see 303.4 and 303.5).

(3) Reporting. This section must include general information about the type (e.g., financial or performance), frequency, and means of submission of award reporting requirements.

(4) If program income is anticipated to be generated under the award, JHRSS must consider how that income will be treated under the award (see 2 CFR 200.307 or, for non-U.S. organizations, see the provision "Program Income").

(5) Identify the branding and marking standards to be used in the award (see 2 CFR 700.16 or, for non-U.S. organizations, see the provision entitled "Marking and Public Communications Under USAID-Funded Assistance").

(6) A statement detailing how JHRSS will ensure environmental soundness and compliance in design and implementation when required by the 22 CFR 216 determination.

7. Awarding Contacts must include points of contact (POC) for questions while the funding opportunity is open. In addition to the name and address of the POC, JHRSS may establish a generic e-mail address for inquiries.

8. Section VIII, Other Information, must include:

(1) A statement that JHRSS reserves the right to fund any or none of the applications submitted, and

- (2) Any other relevant information such as related programs or other upcoming or ongoing funding opportunities.

5.5 ISSUANCE OF THE SOLICITATION

The RFA/APS may be published in local newspaper, or on a virtual opportunity website like *Red Desarrollo Sostenible* (RDS), or on the JHRSS website or well announced on public boards exhibit at JHRSS project office(s). In the case of pre-identified NGOs or pre-identified JHRSS partners, RFA announcement could be sent through emails. The announcement will indicate how to obtain the RFA/APS document and the closing date of the collection of the RFA/APS document. The announcement and/or the RFA/APS will also indicate the date of the pre-application meeting.

5.6 PRE-APPLICATION MEETING

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

5.7 FORMAT OF GRANT APPLICATIONS

The sections of the proposal should use the headers mentioned, in the order indicated:

a. Cover Letter:

- 1) Legal name of the organization and acronym (if applicable)
- 2) Legal address
- 3) Telephone number(s)
- 4) Email address
- 5) Web site (if any)
- 6) Name and information of contact person
- 7) RTN (*Registro Tributario Nacional*) number
- 8) DUNS number
- 9) Date of referral

b. Technical application

- 1) Summary
- 2) Background
- 3) Program description
 - a) Period of performance
 - b) Geographic focus
 - c) Direct and indirect beneficiaries
 - d) Expected results
 - e) Activities
 - f) Work plan
- 4) Monitoring and evaluation plan
- 5) Environmental mitigation and monitoring plan (if applicable)
- 6) Gender analysis and strategy
- 7) Branding and communications plan
- 8) Personnel
- 9) Institutional Capacity
- 10) History of performance - An applicant must provide a list of all its cost-reimbursement contracts, grants, or cooperative agreements involving

similar or related programs during the past three years. The reference information for these awards must include the performance location, award number (if available), a brief description of the work performed, and a point of contact list with current telephone numbers.

c. Annexes

- 1) Grant detailed budget
- 2) Evidence of a DUNS number
- 3) Copy of the legal documents (for example RTN, Public deed of constitution, legal status, registration to URSAC, etc.)
- 4) Copy of the latest financial audit report. In the case of not having an audit report, must provide a copy of the most recent financial statements
- 5) Copy of the operations manual (purchasing, finance, human resources, etc.)
- 6) Reference letters from other donors or clients and financial institutions if applicable.

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

6. GRANT EVALUATION COMMITTEE AND SELECTION

6.1 GRANTS EVALUATION COMMITTEE

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

The GEC will be designated by the COP. In the case of being beneficial to the interests of the activity, the project could include a representative from the relevant partners (USG, GoH, Private Sector, and Civil Society) without this being obligatory. All participants will score each application individually strictly in accordance with the evaluation criteria prescribed in the RFA/APS. In the event the Committee reviews an unsolicited proposal, the evaluation criteria will be at least similar to the evaluation criteria mentioned in Section 6.2.

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

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

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

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

“An individual shall be considered to have the appearance of a conflict of interest if that person, or that person's spouse, partner, child, close friends or relatives, work for or are negotiating to work for, or have a financial interest (including being an unpaid member of a Board of Directors) in any organization which submitted an application currently under the Committee's review”.

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

6.2 EVALUATION CRITERIA

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

1. The level of direct support to JHRSS results
2. Technical Approach
3. Personnel
4. Past Performance
5. Budget

The competency, suitability, and capability of eligible applicants will be evaluated based on the established criteria mentioned above. The Grants Manager or his/her designee will prepare a written record of the results of the Committee's evaluation. The written record will account for how the application was evaluated in terms of the selection criteria, and will contain a recommendation with a justification for the final decision to fund, to not fund, or to take any other action.

6.3 COST SHARING

At least 10% cost share is recommended for grants. Cost sharing refers to that portion of project or program costs not paid by JHRSS. All cost sharing, including cash and third party in-kind contributions, are accepted as part of the recipient's cost sharing when they meet the criteria established in the standard provision governing recipient contributions. The exception for amounts accepted as cost share are those which origin is from another USAID funded project or from US government funds. Grant cost sharing must be in conformance with applicable USAID guidance specifically, the required as Applicable Standard Provision entitled “Cost Sharing.” It is USAID's policy not to apply its source, origin, and nationality requirements or the “restricted goods” provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" on cost sharing amounts. These provisions,

however, will be applicable to procurement funded to grantee directly by the Contractor. In accordance with 2 CFR 200.307, program income may be used to finance the required cost share portion of the grant award.

Further guidance on Cost Sharing can be found in ADS 303.3.10 (for information related to meeting cost sharing requirements, see ADS 303.3.10.3).

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

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

6.4 ENVIRONMENTAL COMPLIANCE

The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID's activities on the environment be considered and that USAID include environmental sustainability as a central consideration in designing and carrying out its development programs. This mandate is codified in Federal Regulations (22 CFR 216) and in USAID's Automated Directives System (ADS) Parts 201.5.10g and 204 (<http://www.usaid.gov/policy/ads/200/>), which, in part, require that the potential environmental impacts of USAID-financed activities are identified prior to a final decision to proceed and that appropriate environmental safeguards are adopted for all activities.

JHRSS shall prepare an EMMP for each proposed grant. However, in the case of a categorical exclusion, JHRSS shall complete and submit for USAID approval table 1 of the EMMP (Environmental Review Form- ERF) in order to ensure the funded proposals shall result in no adverse environmental impacts. Implementation of grants shall not begin prior to USAID written approval of the corresponding EMMP. JHRSS is responsible for ensuring that mitigation measures specified in the EMMP are implemented.

6.5 PRE-AWARD RISK ASSESSMENT AND DUE DILIGENCE

JHRSS must evaluate risk in accordance with the principles established by USAID and the Office of Management and Budget (OMB) (see 2 CFR 200.205). Depending on the result of this pre-award risk assessment, JHRSS may either:

- Make the award,
- Deny the recommendation of the GEC and not execute the award, or
- Award with "specific conditions" (2 CFR 200.207 and 303.3.9.2).

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

Grants must demonstrate that they possess, or have the ability to obtain, the necessary management competence to practice mutually agreed upon methods of accountability for funds and other assets provided by the project.

DUE DILIGENCE: STEP-BY-STEP

1. Conduct Initial Searches: Search in the System for Award Management (SAM) (www.sam.gov). Web Searches and local press. In some cases, JHRSS can ask questions about particular individuals, such as management or board members of particular companies, or other sensitive matters.
2. History of Performance: Note that while an organization's history of performance on USAID awards should be a factor in determining the level of risk, a history of receiving grants from USAID does not guarantee that there is no risk in providing funds to an organization. Changes in personnel, accounting practices, or financial status may affect an organization's performance on a new award. An applicant's history of performance can serve as an indicator of the quality of its future performance.

JHRSS must validate the applicant's past performance reference information based on existing evaluations to the maximum extent possible, and make a reasonable, good faith effort to contact all references to verify or corroborate the following:

- How well an applicant performed,
- The relevancy of the work performed under the program,
- Instances of good performance,
- Instances of poor performance,
- Significant achievements,
- Significant problems, and
- Any indications of excellent or exceptional performance in the most critical areas.

JHRSS may contact references other than those provided in the application.

3. Pre-Award Surveys: For all assistance awards, the Grants Manager must establish and convene a formal survey team to conduct an examination that will help inform the risk assessment. The survey team may visit the potential winning grantee at their office and examines the applicant's systems to determine whether the prospective recipient has the necessary organization, experience, accounting and operational controls, and technical skills in order to achieve the objectives of the program, or whether specific conditions will be needed. The financial questionnaire is used to assist in the process of evaluating a grantee's financial management capability.

(1) For a U.S. organization, the Grants Manager or his/her designee must ensure that the applicant can meet the requirements of the award, including 2 CFR 200, 2 CFR 700, and ADS 303 and the applicable cost principles. The Grants Manager or his/ her designee must conduct a detailed analysis that addresses whether:

I. The applicant's accounting, recordkeeping, and overall financial management systems meet the standards in 2 CFR 200.300 – 200.309 and 2 CFR 200.333 – 200.337.

II. The applicant's system of internal controls is reasonable in accordance with applicable cost principles. This includes the segregation of duties, handling of cash, contracting procedures, and personnel and travel policies.

III. The applicant's property management system, if applicable, meets the property standards in 2 CFR 200.310 – 200.316.

IV. The applicant meets the requirements in 2 CFR 200 for the administration and monitoring of sub-awards.

V. The applicant's procurement system, if procurement is significant to the award, meets the standards set forth in 2 CFR 200.317 – 200.326.

(2) For a non-U.S. organization, the Grants Manager or his/ her designee must ensure that the applicant can meet the requirements of the ADS 303, Standard Provisions for Non-U.S. Organization Pre-Award Survey Guidelines and Support or conduct a detailed analysis in accordance with locally-established or award-specific criteria that achieve the same objectives.

(3) For awards of Fixed Amount Awards (FAAs), the Grants Manager must use the ADS 303, Fixed Amount Award (FAA) Entity Eligibility Checklist to ensure the intended recipient complies.

4. Analyze the information gathered: The survey team should meet and analyze all information collected. This process may result in red flags that will either suggest the partnership is not advisable or must be considered carefully before further discussions can take place with the potential partner.
5. Document the due diligence process in the grant negotiation memorandum: The memorandum collects all research findings and must be sent by the survey team to the COP will all other grant documentation for review and decision making
6. Ongoing due diligence: Risk situations can arise at any time during the life of a grant. Therefore, JHRSS should monitor all grants continuously and with due diligence to identify new issues that may affect the implementation and reputation of the donor. JHRSS will keep the client informed about relevant findings that require their attention.

6.6 COST ANALYSIS AND NEGOTIATION

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

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

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

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

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

6.7 NEGOTIATION MEMORANDUM

Prior to award, JHRSS and the Grantee will enter into negotiations on the cost for the total award and technical implementation. JHRSS is responsible for determining that the cost proposal meets the objective(s) of the proposed program by the applicant and the costs are reasonable, allowable and allocable. A memo of negotiation will be prepared for each award and may include the following: cost analysis, summary of selection process, technical evaluation, competition process, explanation of award, etc.

6.8 AWARD ELEMENTS

After pre-award survey and responsibility requirements have been satisfied and final negotiations completed, JHRSS will prepare the Grant Agreement with the selected applicant for submission to USAID. All of these have to be completed prior to submission to the USAID COR for approval.

Once approval is obtained from the USAID COR, JHRSS will finalize the grant agreement, obtain the grantee signature and countersign the approved Grant.

The JHRSS COP or his/her designee shall have the sole authority to sign grant agreements and subsequent modifications, if necessary.

7. GRANTS PROGRAM ADMINISTRATION

7.1 GRANTS IMPLEMENTATION PLAN

The grants implementation plan has a number of purposes:

- Execute the JHRSS Grants Program in compliance with the USAID ADS [Automated Directive System] 302.3.4.13 and 302.3.5.6 and the grants awards will be administered in accordance with the requirements of 2 CFR 200, ADS 303, the provisions of the Contract, and applicable Federal law, which are fully described in the Grants Manual.
- Adhere with all programmatic and administrative assurances and other administrative certification requirements.
- Oversee the management of the grants program, including monitoring and evaluation, and consolidate target results in JHRSS Monitoring Plan (PMP).

- Have clear distribution and allocation of grants funds.

7.1.1 PROGRAMMATIC ASSURANCES

1. Funds made available through the grant will be used only to implement activities that are complementary to JHRSS results which are more detailed in the Grants Manual Section 1.
2. Awards will only be made to eligible entities of which the criteria are fully described in this approved Grants Manual.
3. Grants activities will be implemented only in the JHRSS geographic focus.
4. The total value of any individual grant to any organization shall not exceed [REDACTED] for US organizations per ADS 302.3.4.13.c(1). There are no restrictions to non-U.S. organizations.
5. Grants funds will only be used in implementing the activities described in the JHRSS contract scope of work.
6. The Grants activities will ensure that no person shall, on the basis of race, ethnic, religion, sexual preference, or sex be excluded from participation in the program.
7. The grants program will consider religious organizations on the same basis as other non-government organization (NGOs).

7.1.2 ADMINISTRATIVE ASSURANCES

- USAID will be significantly involved in establishing selection criteria and must approve the actual selection of grantees, the identity of the proposed grantee, the amount of the proposed grant, and the nature of the grant activities.
- JHRSS will apply the same requirements that would apply to USAID-executed grants.
- JHRSS must include in the grant the right of USAID to terminate the grant activities unilaterally.
- Selection of grants recipients will be in accordance with the competition requirements as described in the JHRSS Grants Manual.
- JHRSS will develop an information database, TAMIS, to manage and communicate with USAID on all aspects of the grants.
- Grants funds will be made available after the work plan has been approved.
- If warranted, JHRSS may provide periodic advances to grantees, in accordance with the Required-as-Applicable Standard Provision, unless USAID shall have agreed to another payment mechanism.
- JHRSS may not award any grant for a period extending beyond the estimated termination or completion date of the Contract and whose term should allow for the orderly closeout prior to the expiration date of the contract.
- All grants funds will be managed under a separate account.
- JHRSS will conduct full onsite review of each such grantee, follow-up reviews, and other reviews as appropriate to assure that grant activities are done in accordance with the respective agreements and contributing to the targets described in the JHRSS program description and further communicate results with USAID.
- The contractor will ensure that all grants files are managed properly according to the Grants Master File.

7.1.3 DISTRIBUTION AND ALLOCATION OF GRANTS FUND

The total JHRSS grant fund is approximately [REDACTED] for the period of performance. JHRSS will award grants as appropriate. [REDACTED] will place greater emphasis on the quality of grants rather than quantity of grants in a given period.

7.2 GRANTS ADMINISTRATION

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

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

The Grants Manager shall provide for the continuing oversight by appropriate JHRSS staff of the financial management aspects of the award through reviews of reports, correspondence, site visits or other appropriate means. All grants are subject to audit. Pursuant to the Standard Provision entitled Accounting, Audit and Records (December 2014), if the Grantee expends more than [REDACTED] in federal grant funds in the Grantee's fiscal year, the Grantee shall conduct an annual audit; the cost of which may be paid from the grant. To comply with these guidelines, JHRSS will, when necessary; include "audit costs" in the approved grant budget. JHRSS may also retain the services of an auditing firm to conduct these audits.

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

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

7.3 FINANCIAL CONTROL SYSTEM

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

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

to a final expense and activity report must be submitted to JHRSS, or as otherwise specified in the grant.

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

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

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

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

7.4 MONITORING AND EVALUATION

JHRSS will use a variety of mechanisms to monitor grantees' performance, including evaluating end-of-activity results, conducting site visits of activities underway, and reviewing periodic reports. Grantees are required to report data to feed into JHRSS's Performance Monitoring Plan.

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

The Grants Manager and the relevant member of the JHRSS technical team charged with coordinating the grant are responsible for verifying that reports are received on time, reviewing them for completeness, and monitoring progress against set benchmarks. If there are problems in implementation, a report is incomplete, and/or the verifiable program milestones have not been met, the Grants Manager will bring these issues to the attention of the COP, and the COP will decide the appropriate action to be taken, including but not limited to termination of the grant, a financial audit, and/or legal action.

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

- Progress reports: Progress reports that describe the progress towards achievement of the objectives and results by milestone. Reports include

outputs, summary of major accomplishments, unexpected or unplanned outcomes/activities, and financial reports.

- Grant completion report: The grantee is obligated to submit to JHRSS the grant completion report both the technical progress and financial reports. JHRSS reserves the right to withhold final payment pending submission of an acceptable grant completion report.

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

TAMIS will be used to document the M&E process and will be carried out by the Grants Manager in collaboration with the technical team and the COP.

7.5 BRANDING AND MARKING

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

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

7.6 USE AND DISPOSITION OF PROGRAM INCOME

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

Examples of program income include:

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 JHRSS of any program income generated under the grant and agrees to Contractor's disposition of such program income which is in accordance with 2 CFR 200.307 and Standard Provisions for Non-U.S. Non-Government Organizations. Program income earned under this agreement shall be applied and used in the following descending order:

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

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

If program income ("gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award") is anticipated during the award period, the purpose, procedures and use of this income by the grantee or donation by the grantee to another organization must be specifically stated in the award. The complete definition of program income is found at 2 CFR 200.307 [<http://www.access.gpo.gov/nara/cfr/>]; along with suggestions on how to direct the use of program income and program income may be used to finance the grantees' cost-share of the grant award.

7.7 CASH DISBURSEMENTS

For a U.S. Non-Governmental Grantees, JHRSS must ensure that the grantees have the ability to comply with 2 CFR 200, Parts 200.300-200.309. 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. Grant Agreements should be signed in local Honduran currency (Lempiras) at the current exchange of the day of the signature. Cash disbursements will be made in Lempiras as per the signed agreement.

During the pre-award responsibility determination (section 6.5), the grantee's financial management capability will be evaluated, and the grantee's financial responsibility and institutional capacity will be verified. Based on the results of the pre-award responsibility determination, JHRSS will ensure, at a minimum that the grantee's financial control systems permit them to identify, segregate, accumulate and properly record all costs incurred under the grant. JHRSS shall make every effort to determine the grantees ability to manage and financially support the grant award. Cash payments will be provided in such a way as to minimize the potential for waste or fraud. Payments based upon the recipient's incremental progress are acceptable. Reimbursement based on presentation of receipts and other justifying documents is the other authorized method of payment. These two methods of cash disbursement are described below:

Incremental Payments. In order to qualify for payments, the grantee's accounting and financial management systems must conform to standards for funds control and accountability required under USAID and Federal regulations (ADS 303.3.9 and 2 CFR 200.300-200.309). New grantees are free to use their existing accounting systems, so long as they meet those applicable standards as set forth in the CFR, and the applicable Standard Provisions. Other guiding principles to cash advance disbursements include:

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

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

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by JHRSS and/or grantee (the "Separate Account"). JHRSS and/or grantee has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the COR. At the conclusion of JHRSS, any funds remaining in the Separate Account shall be returned to USAID and any interest shall be refunded to the U.S. Government.

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

7.8 DEBARMENT AND TERRORIST FINANCING

To ensure that JHRSS 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, JHRSS will perform a search for the applicant's name on the System for Award Management (SAM) at www.sam.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, JHRSS must compare each proposed grant action against specific databases. JHRSS must:

- Check the master list of Specially Designated Nationals and Blocked Persons, which is maintained by the US Treasury's Office of Foreign Assets

Control (OFAC) and is available at OFAC's website:
<http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf>

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

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

7.9 PROCUREMENT PROCEDURES

7.9.1 PROCUREMENT STANDARDS

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

- DAI or the grantee, will avoid purchasing unnecessary items;
- Where appropriate, DAI or the grantee will determine whether lease and purchase alternatives is the most economical and practical procurement; and
- Grants Manager will document a price or cost analysis in its procurement files in connection with every procurement action. Price analysis will be accomplished in various ways, including the comparison price quotations submitted, and market prices, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

7.9.2 ALLOWABLE COSTS AND ELIGIBILITY RULES FOR GOODS AND SERVICES

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

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

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

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

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

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

- a) Review 2 CFR 200 and 2 CFR 700.
- b) Review ADS 312 “Eligibility of Commodities” for more information if an item to be procured is a restricted good or service.
- c) Determine whether the costs are reasonable, allocable and allowable.
- d) Contact the DAI home office for review and decision when appropriate.
- e) Prior to incurring a questionable cost, obtain USAID’s Contracting Officer written determination on whether the cost will be allowable. (This should be done even for cash disbursements, as DAI is accountable for the use of funds provided to the grantees.)

7.9.3 RESTRICTED GOODS AND INELIGIBLE GOODS

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

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

Any commodities purchased by JHRSS and/or the grantee must not be on USAID’s list of “ineligible commodities”. The list consists of the following types of equipment:

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

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

7.9.4 SOURCE, ORIGIN, AND NATIONALITY

The authorized code for procurement of goods and services under JHRSS is Geographic Code 937, which is the U.S., the cooperating/recipient country, and developing countries other than advanced developing countries, and excluding prohibited sources.

7.10 EQUIPMENT

Equipment is defined as any tangible personal property having a useful life of more than one year and an acquisition cost of [REDACTED] or more per unit. If the grant budget includes equipment the Provision for Non-U.S. Non-Governmental Recipients (Title to and Use of Property, Recipient Title) will be incorporated into the Grant Agreement.

In accordance with ADS 303.3.24.c under the simplified grants, the CO must approve the purchase of equipment over [REDACTED], and applicable provisions must be included in the grant format. Notwithstanding, the COR will give clearance for such type of procurement upon approval of the grant itself. The purchase of equipment with a value exceeding [REDACTED] is not authorized under a FAA. JHRSS 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 JHRSS.

The table of the inventory should include:

Item	Serial No.	Cost	Condition

- In the grant agreement, the grantee will agree to indemnify, DAI and its Officers and Directors, including cost of defense, for any claim made against them arising out of the Grantee's performance of this grant agreement. This indemnity shall be in excess of DAI's insurance policies, but not limited by the scope of such policies. DAI and USAID do not assume liability for third party claims for damages arising out of this grant.

7.11 SUPPLIES

Supplies are all property, excluding equipment procured under the grant.

If unused supplies exceeds [REDACTED] in total aggregate value upon termination or completion of JHRSS and the supplies are not needed for other USAID or U.S. government-funded project or program, the grantee may retain the supplies for use on non-federal activities or sell them, but shall in either case compensate USAID for its share.

Supplied items remain as the property of the Government and in the custody of JHRSS until formal disposition is conducted. The COR clearance is required to complete the disposition process for supplies.

7.12 TRAVEL

Travel conducted by grantee personnel to and from project sites shall be in accordance with the grant requirement and approved by JHRSS.

7.13 RIGHTS TO INTELLECTUAL PROPERTY

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

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

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

(b) Unless the grantee is instructed otherwise by USAID or DAI , publications, videos, or other information/media products funded under this award and intended for general readership or other general use will be marked with the USAID logo and/or U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT appearing either at the top or at the bottom of the front cover or, if more suitable, on the first inside title page for printed products, and in equivalent appropriate location in videos or other information/media products. Logos and markings of co-sponsors or authorizing institutions should be similarly located and of similar size and appearance.

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

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

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

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

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

7.14 GRANT AUDIT AND GRANT PROJECT MASTER FILE

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

Upon USAID COR approval, JHRSS may contract with external auditors to perform audits of the grantee's program implementation with respect to expenditures.

In order to prepare the grant files for closeout, the Grants Manager will maintain an on-going official grant "Master File" or binder, which includes documents associated with the particular grant. An auditor with very little prior knowledge of JHRSS 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, JHRSS staff will also ensure that all entries in the grants management database are complete, which will help guide an auditor through DAI's grants management system.

The Master File will include:

- 1) RFA documents
 - Copy of all RFAs
- 2) Grant Documents
 - Proposal from grantee
 - Evaluation Committee scoring sheets and bid committee summary
 - Negotiation Memorandum
 - Certification of environmental compliance
 - Proposal Competition Record
 - Pre-Award Responsibility Determination
 - Signed grant approval from USAID, where applicable
 - 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
 - Grantee Certifications
- 3) Procurement Documents for simplified grants and in-kind contributions
 - Bidding documentation
 - Procurement Negotiation Memorandum
 - If a single item worth [REDACTED] or more was given to a grantee, the file must include an inventory list of such goods and equipment and must be disposed of to the grantee with the CO's permission.

- 4) Financial Documents
 - Spreadsheet that cross-references grant payments with separate field-based Finance Department files. This permits an auditor to look up original receipts and other financial documentation for each grant as needed.
- 5) Reporting and Evaluation Documents
 - Progress Report
 - Additional demonstration of activities (i.e. photographs, recordings of radio PSA, video files of conference events, newspaper clippings, and so on.)
 - Final reports from grantee
- 6) Closeout Documentation
 - Grant Closeout Letter
 - Closeout Checklist

7.15 RECORDS RETENTION

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

USAID and the Comptroller General shall have full access to all documents, papers and others records of the Contractor with respect to its duties hereunder. At the conclusion of the Contract, the Contractor shall consult with the COR for direction as to which records shall be transferred to USAID.

7.16 CLOSEOUT PROCEDURES

Closeout of all grants awarded under the standard and simplified formats shall be conducted by the Contractor in accordance with 2 CFR 200.343 and ADS 303.5

Grant closeout for FAA will be accomplished with acceptance of the final milestone and the approval of final payment. In-kind grant close out will be accomplished upon completion of all activities and receipt of USAID approval for formal disposition of equipment to the grantee, as well as grantee acceptance in writing of said equipment.

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

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

7.17 LANGUAGE

The text of the all grant agreements to Honduran organizations shall be in English and Spanish. The English version shall take precedence.

8. TERMINATION, SUSPENSION, AND MODIFICATION

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

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

8.1 TERMINATION AND SUSPENSION

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

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

Reasons for termination include:

- **Termination for material failure:** JHRSS may terminate or suspend the grant at any time, in whole or part, upon written notice to the grantee, whenever it is determined that the grantee has materially failed to comply with the Terms and Conditions of the award. Termination should only be invoked when all other corrective measures have failed. If an activity is well designed,

then failure to achieve the objective will most likely result from either a wholly unanticipated event or condition or negligence on behalf of the recipient.

- **Financial insolvency of grantee:** USAID and/or JHRSS have the right to terminate in whole or in part, or suspend payments should the recipient become insolvent during performance of the activity.
- **For convenience:** Described above.

Procedures for Termination:

- **Termination or suspension initiated by JHRSS:**

Step 1: The Grants Manager, in coordination with the Activity Advisor will present the case for Termination or Suspension to the JHRSS COP.

Step 2: If the COP approves, a letter will be sent to the legal representative of the grantee outlining the problems observed and providing an explanation of a possible Termination or Suspension of the grant and soliciting them to present solutions to resolve the problem (s). USAID will be copied on the letter.

Step 3: The grantee will have 5 days to respond in writing. During this period the grantee may analyze options with JHRSS staff. JHRSS staff are not authorized to commit the Activity to any course of action other than that determined by the COP in his letter to the grantee.

Step 4: Upon receipt of a written response from the grantee, or in the absence of a written response within the 5 days period, the COP, in consultation with relevant members of the grants management and technical teams, will make a final determination as to termination or suspension and the conditions and timing for such termination and suspension. Once the decision is made, another letter will be sent to the grantee informing the final determination and stipulating the last date by which eligible grant expenses may be incurred and under what conditions additional disbursements, if any, will be permitted.

- **Termination or suspension initiated by grantee:**

Step 1: The grantee may present the case verbally to the Grants Manager. With or without such consultations, the legal representative of the grantee will in writing, request for termination or suspension to the JHRSS COP, with his/her arguments for the necessity of that action, and proposed terms (timing, eligible costs, etc.) for termination or suspension.

Step 2: The COP will have 5 business days to respond in writing, during which time he will consult with JHRSS staff, the grantee, beneficiaries, or third parties. If the COP accepts the request for termination, he will outline the conditions for termination or suspension (timing, eligible costs, etc.). If the COP does not accept the request, he will outline actions to be taken to improve the likelihood of the grant activities achieving the results expected.

Step 3: The grantee will have 5 business days to respond in writing to JHRSS. During this period the grantee may analyze options recommended by the Grants Manager and Activity Advisor; neither the Grant Manager nor the Activity Advisor are authorized to commit the program to any course of action other than that determined by the COP in his letter to the grantee. If the grantee accepts the terms of termination or suspension of the grant in writing from the COP, a copy of the COP's letter to the grantee and the grantee's written acceptance will be sent to the JHRSS COR and kept in JHRSS files. If the grantee wishes to continue negotiations as to continuance, suspension, or termination, a written response must be presented to the JHRSS COP within 5 business days, with an additional 5 business days allowed for a written response from the JHRSS COP.

8.2 MODIFICATION

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

Types of Modifications:

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

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

- Funded modifications will only be considered to address compelling, extreme circumstances that jeopardize the achievement of an activity objective(s).
 - Poor planning by the grantee is not an acceptable rationale for requesting a cost modification.
 - Cost modifications must be supported by a revised financial plan detailing the original approved line items, the revised line items and expenditures to date. Revised financial plans will be analyzed for soundness and completeness, with respect to the allowability of expenditures to date.
 - A cost increase must always be driven by a revised implementation plan — not vice versa.
 - JHRSS must re-check the Excluded Parties database prior to issuing a funded modification.
- C. Budget realignment:** All modifications that result in budget line-item adjustments, but do not increase the overall budget amount; require the written approval of the COP after consultation with the appropriate member of the technical team assigned to the grant. A grant agreement modification must conform to the format and content of the original grant agreement and be executed in two original copies (one for the grantee, one for JHRSS). The absolute limitations for time and funding may not be exceeded by issuance of a grant agreement modification notice.

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

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

8.3 RIGHT OF USAID TO SUPERSEDE CONTRACTOR DECISIONS

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

9. ANNEXES LIST

- 9.1 CONFIDENTIALITY AND DISCLOSURE OF RELATIONSHIPS
- 9.2 ACCOUNTING SYSTEM AND FINANCIAL CAPABILITY QUESTIONNAIRE
- 9.3 SAMPLE STANDARD GRANT FORMAT
- 9.4 SAMPLE SIMPLIFIED GRANT FORMAT
- 9.5 SAMPLE FIXED AMOUNT AWARD (FAA) FORMAT
- 9.6 FIXED AMOUNT AWARD (FAA) ENTITY ELIGIBILITY CHECKLIST
- 9.7 SAMPLE IN KIND GRANT FORMAT
- 9.8 SAMPLE IN KIND GRANT TO LOCAL GOVERNMENT FORMAT
- 9.9 GRANT NEGOTIATION MEMO TEMPLATE
- 9.10 JUSTIFICATION TO RESTRICT ELIGIBILITY (JRE) TEMPLATE

Honduras Justice, Human Rights
and Security Strengthening Activity
Tegucigalpa, Honduras