



**Trust for Democratic Education and Accountability**

**USAID/Pakistan  
Citizens' Voice Project**

**Contract number AID-391-C-11-00001**

**Subawards Manual**

# Subawards Manual (September 2012)

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## 1. Background

### 1.1 Introduction

The Trust for Democratic Education and Accountability (TDEA) is a Pakistan-based Trust that has been working since 2008 to strengthen all forms of democratic accountabilities in the country. TDEA has been awarded a USD 45 Million (local currency equivalent Rs. 3.825 billion) Contract by United States Agency for International Development (USAID) to implement a five-year "Citizens' Voice Project". The overall goal of the Citizens' Voice Project is "improved engagement between citizens and government on priority program-supported initiatives to advance good governance objectives". Grants to community-based organizations, non-governmental organizations, professional and business associations, research institutes and think-tanks and public institutions have been stipulated under the three components of the project i.e. 1) Strengthened Voice 2) Enhanced Capacity and 3) Improved Accountability.

Trust for Democratic Education and Accountability (TDEA), with the help of The Asia Foundation (TAF) and Grant Thornton Anjum Asim Shahid Rahman Chartered Accountants (GT-AASR) have joined hands to implement the project, with TDEA being the lead and TAF and GT-AASR as subcontractors for different areas of technical interventions. Geographically, the program will operate at the federal and provincial level in tandem with targeted U.S. Government (USG) and Democracy and Governance (DG) office program priority areas.

### 1.2 Purpose of the Subawards Manual

This Manual provides a comprehensive discussion of the approach the Project will implement in carrying out the "grants under contract" program. This Manual describes the internal procedures, processes, criteria, and other requirements that the Project will follow in soliciting applications for subawards, training prospective applicants and actual subawardees, disbursing advances (if advances are authorized) and payments, tracking subaward statistics, and closing out subawards. In addition, it includes descriptions of the interaction between the primary actors in the program – USAID, the Project, subaward applicants and subawardees. This Manual applies to Objective 1 (Strengthened Voice) and Objective 3 (Improved Accountability) subawards.

Upon approval by USAID, this Manual will be submitted to TDEA-Board of Trustees for assent. The Manual duly approved by the Board will form the framework for the Project staff to follow for subaward management. Please refer to [Annex 1](#) for approval documentation of this Manual and effective date.

The policies and procedures contained in this Manual are subject to change upon the direction from or approval by USAID/Pakistan. Any questions regarding the policies and procedures should be directed to the Chief of Party. The Grants Manager should be vigilant of issues or events (e.g., changes in policies and procedures issued by the TDEA Board of Trustees, implications of directives from government of Pakistan, required changes by USAID/Pakistan, changes in subaward approach) that will require changes to this Manual. Any subsequent significant changes will again be presented to the USAID/ Pakistan and TDEA-Board of Trustees for approvals.

Annexes to this manual mostly represent the tools used to perform the steps outlined hereunder. These are dynamic and living documents, which will continue to evolve, based on experiences in the field during implementation.

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## 1.3 Important Definitions

**Agent** - An Agent is the individual authorized to sign subaward agreements for his or her respective organization. The Agent signing on behalf of a subawardee shall be hereinafter referred to as "Subawardee Agent". The Agent signing on behalf of TDEA, TAF, GT-AASR or the Project shall be hereinafter referred to as "Agent".

### Available approaches for subawarding

The project will position itself by investing time and resources in the planning of sub-awards. Priority areas will need to be defined for technical as well as geographical coverage. Clear program summary/ program description and technical evaluation criteria would need to be defined. Funds would be earmarked and communicated to applicants to keep the solicitations within reasonable thresholds. The Grants Management Committee will plan the awards process and set timelines. This is dependent on the provision of thematic areas and budget levels by USAID.

A solicitation program will then be opened which could take up the following shapes. The below mentioned approaches could be used with variation in design for any type of subawards the project intends to make. Selection of mechanism will be governed by program specificity, timing and magnitude of intervention:

1. *General Program Statements*: The project may announce general program support interests and funding ceilings planned for subawarding in the beginning of the quarter/ year including technical and geographical areas with calendar of solicitation activities. Actual awards could be of any size and type, not necessarily small in amount.
2. *Specific Requests for Applications*: Each quarter the project will announce a number of specific Requests for Applications in thematic areas as well as geographical areas like federal level, provincial level or local level. These could be of any amount and type from the set of subaward sizes defined in this manual.

Subawards may be awarded depending upon the identification and localization of technical needs. In case of subawards, cost share would be offered by the organizations in form of physical and institutional infrastructure. Subawards may also be awarded to commercial/ educational institutions to support human capital development. Commercial organizations will, however, be required to forego the profit element (Annex 33) in order to be eligible for subaward.

**Chief of Party** (hereinafter referred to as "COP") is the person who is overall incharge of the Project. As per the contract between USAID and TDEA, the COP is the public face and voice of the Project and in that capacity provides overall technical and administrative leadership and area-specific expertise. The COP serves as the primary liaison with USAID/Pakistan on contract management and technical matters and is primarily responsible for adjusting programs and operations in response to USAID/Pakistan's contractual or technical directions, provided by the Mission's Contracting Officer and the Contracting Officer's Representative (COR). The COP shall also ensure that technical assistance and expertise provided under the contract is timely, responsive, and of the highest quality.

**Citizens' Voice Project** (hereinafter referred to as "the Project" or "CVP") – The Project is a USD 45 Million Contract by USAID for "improved engagement between citizens and government on priority program-supported initiatives to advance good governance objectives". Subawards as stipulated in the contract, as amended to community-based

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organizations, non-governmental organizations, professional and business associations, research institutes and think-tanks and public institutions will be made under the three components of the project i.e. 1) Strengthened Voice 2) Enhanced Capacity and 3) Increased Public-Private partnerships. Geographically, the program will operate at the federal and provincial level in tandem with targeted U.S. Government (USG) and Democracy and Governance (DG) office program priority areas.

**Competition** - It is TDEA's policy to provide for full and open competition through use of the competitive procedure(s) contained in this Manual that are best suited to the circumstances of the project action and consistent with the need to fulfill its obligations to donors/ clients efficiently. *Full and open Competition* means that any type of organization or business will be permitted to compete for the planned subaward (subject to the source, origin, nationality, defined eligibility criteria and other restrictions of the solicitation). Besides that, *Limited Competition* may also be used with USAID approval. This includes any other authorized method which would mean less than full & open competition. This will be marked for any subaward action that will be solicited using less than full and open competition. Please also refer to the Required Organizations as explained in [Section 7](#) which could be prequalified for a full and open competition, a limited competition or sole source award due to being strategically well placed and most advantageous choice as recommended through the approval process and approved by USAID COR.

**Compliance Check** - This is a critical step of due diligence for screening applicants, using the following resources, against the various U.S. Government, UN and Pakistan Government lists such as debarred and suspended parties, suspected terrorists etc. Screenshots need to be kept on files.

Compliance check of the existing sub awardees should be carried out after every six months.

- Verification that the subawardee and key personnel are not on the UN's 1267 Committee List on Al-Qaida and the Taliban and Associated Individuals and Entities: <http://www.un.org/sc/committees/1267/consolist.shtml> or <http://www.un.org/sc/committees/1267/AQList.htm>
- Verification that the subawardee and key personnel are not on the State Department's *Terrorist Exclusion List*: <http://www.state.gov/s/ct/rls/other/des/123086.htm>
- Verification that the subawardee and key personnel are not on the Office of Foreign Assets Control (OFAC) list of Specially Designated Nationals and Blocked Persons available at <http://sdnsearch.ofac.treas.gov/>
- Verification that the subawardee and key personnel are not on the list of parties excluded from Federal Procurement and Non-Procurement Program. Please see link at: <http://epls.gov>.

*Note: [The above system has been migrated to System for Award Management. The link is <https://www.sam.gov/portal/public/SAM/>]*

- Verification that the subawardee is not on the list of Foreign Terrorist Organizations being maintained by US Department of state available at: <http://www.state.gov/s/ct/rls/other/des/123085.htm>



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Besides the above, there will be specific vetting based on the guidelines of USAID Pakistan Mission Order 200.4 for prevention of risk of terrorism financing. This specific vetting will be documented as a part of desk review to assess not only individuals but also the geographical area in which the project will be operating to exercise due diligence that grant resources are not misused.

**Fixed Obligation Subawards** (hereinafter referred to as "FOSA") – This will be the preferred mechanism for awards under the project. Based on the definition of a FOG in USAID ADS 303, awarded to a non U.S. organization, and that allows "for very specific program elements without a requirement for Federal monitoring of actual costs subsequently incurred". It is intended for use to support specific projects where there is a certainty about the cost, and in which the accomplishment of the purpose or milestone in the subaward is readily discernible, such as conferences and supplies, monitoring, oversight and engagement of and with public and elected institutions. FOSA is more fully described in [Section 4.2](#).

**Grant Thornton - Anjum Asim Shahid Rahman Chartered Accountants** (hereinafter referred to as "GT-AASR") – GT-AASR is the subcontractor responsible for the technical implementation and management of the Project under a sub-contract with TDEA. Their primary areas of responsibility are Financial Monitoring & Evaluation, capacity building and compliance services to TDEA. TDEA however reserves the right to engage more than one subcontractor for pre-award assessment exercises.

**Memorandum of Understanding** (hereinafter referred to as "MOU") – An MOU is established between two parties to document the understanding. It could be between TDEA and another organization for starting up some intervention on a less formal level. In both cases, the MOU is a non-binding agreement, in which the tone of the agreement encourages both parties to honor the conditions without having to invoke legal recourse in case one party does not abide by the conditions in the MOU. The MOU does not involve funding commitment but is suitable to encourage public-private partnerships with the potential of leading to a funding arrangement most likely with a public institution.

**Milestones** - Milestones are the key programmatic and financial targets that must be met to qualify for reimbursement of funds under FOSA.

**Payment Mechanisms** – These are the ways using which subawardees will be paid for their services. Advance-reimbursement mechanism means that payments will be made before the services are received and the advance will be adjusted against the financial and technical reports provided by the subawardee for reasonable, allocable and allowable expenses. A subsequent advance will also be provided based on the funding needs of next period and obligated amount of subaward. Cost-reimbursement mechanism implies that the subawardee spends the money on subaward activities using its own resources and then TDEA reimburses it for reasonable, allocable and allowable costs.

**Potential Subawardee** – This is an applicant whose application was evaluated with a score of at least 60 points and for which an organizational assessment is to be done prior to the final selection of subawardee for a subaward. The applicants scoring less than 60 marks are also considered as potential subawardees if the USAID approved RFA permits such relaxation or the PSC reduces the pass marks in a particular thematic area.

**Required Organization** – It is an organization which is "*strategically well-placed*" for performing in the interest of TDEA, USAID and project objectives or it is technically and

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strategically important to work with that organization for achievement of project objectives. It should be qualified to respond to Request for Concept Papers or Request for Grant Application, as applicable after meeting all the basic qualifying criteria and obtaining a medium to low risk level rating in the organizational assessment. A list of such organizations will be developed by the project and its approval process is detailed further in [Section 7](#).

**Short-listed Applicant** – This is an applicant that met all the basic qualifying criteria described in [Section 12.1](#) and whose technical application was evaluated with a score of at least 60 points or a lesser score as approved by USAID in RFA or the passing score as determined by PSC or USAID.

**Simplified Subawards** (hereinafter referred to as “SSA”) – Similar to FOSA, it is intended to finance discrete results-oriented activities that are measured with verifiable indicators and to strengthen the capabilities and program activities of eligible organizations. The subaward agreement will include all USAID regulations required to be complied with by the subawardee. This subaward mechanism could be used for subaward up to \$150,000. SSA is more fully described in [Section 4.2](#). Using this type of subaward will also provide opportunities of technical as well as financial capacity development of the subawardee.

**Subaward Agreement** - It is the legal agreement that governs the purpose, permissible use and allocation of funds awarded to any subawardee under the Project. It also defines the role and responsibilities of the subawardee with respect to such subaward.

**Subaward Applicant** (hereinafter referred to as the “Applicant”) - The Applicant is an eligible organization (passes eligibility criteria) that applies for subaward funding in accordance with this Manual.

**Subawardee** – An organization that has been awarded a Project subaward.

**The Asia Foundation** (hereinafter referred to as TAF) – The Asia Foundation is a nonprofit, non-governmental organization committed to the development of a peaceful, prosperous, just, and open Asia-Pacific region. TAF supports Asian initiatives to improve governance, law, and civil society; women's empowerment; economic reform and development; sustainable development and the environment; and international relations. TAF is one of the major subcontractors in the project and is responsible for technical areas of Organizational Development and Capacity Building. It is also responsible for managing the disbursement of funds for subawards for the project.

**Tiers of subawards** – The project has three tiers of sub-grant awards: 1) under the local currency equivalent of \$100,000; 2) the local currency equivalent of \$100,000 to the local currency equivalent of \$250,000; and 3) over the local currency equivalent of \$250,000. Tier 1 awards are expected to be most frequent, and the approval process for such awards will be streamlined and kept as simple as possible. Tier 2 sub-grant awards over \$100,000 but under \$250,000 will be less common and will entail a greater degree of scrutiny and implementation oversight. Tier 3 sub-grant awards over \$250,000 will be approved by USAID in exceptional circumstances to organizations with demonstrated capacity.

**Trust for Democratic Education and Accountability** (hereinafter referred to as “TDEA”) – TDEA is a Pakistan-based Trust that has been working since 2008 to strengthen all forms of democratic accountabilities in the country. It has entered into a contract with USAID as the primary contractor and implementer of the Project.

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**United States Agency for International Development** (hereinafter referred to as “USAID” or “USAID/Pakistan”) - The Mission of the United States Agency for International Development in Pakistan is the agency that funds the Project and is the agency that approves the form and substance of this Manual.

**USAID Contracting Officer’s Representative** (hereinafter referred to as “COR”) - The COR is USAID/Pakistan’s technical manager for the Project.

## 2. Roles and responsibilities

### 2.1 Individual responsibilities:

The following individuals or groups are involved in the subaward process:

- Chief of Party (COP)
- Director Organizational Development and Capacity Building
- Director Program Development and Research
- Director Finance & Grants Administration
- Grants Manager
- Monitoring and Evaluation Manager
- Grants Management Committee (GMC)
- Project Steering Committee (PSC)
- Assessment Team
- Authorized Check Signatories
- Risk Management and Compliance unit
- TDEA Secretariat

Each individual or group is responsible and/or accountable for certain tasks; some are consulted, informed and/or oversee that certain points in the subaward process are implemented as planned and in a proper manner.

These roles are as follows:

- **Responsible** - The individual or group who performs certain action or task. The action or task performed can be a point of control, e.g., directive, preventive.
- **Accountable** - The individual or group who is answerable for the outcome of the actions or tasks performed. In most cases, the one responsible for certain action or task is also accountable for such action or task.
- **Consulted** - The individual or group who is sought for advice, technical guidance, and recommendations.
- **Informed** - The person or group who needs to know what actions were performed and outcomes of such actions.
- **Oversight** - The person or group who checks whether the necessary actions have been performed properly. The oversight function is a control point.

### 2.2 Organizational Responsibilities of TDEA [Under Contract with USAID]

TDEA has established a Project Steering Committee (PSC) that will be responsible for the strategic management of the program’s activities. The Terms of Reference (TORs) for the PSC are attached as [Annex 2](#).

In view of the range of potential subawardees and the broad range of activities to be supported under the project, TDEA will:

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- 1) employ a menu of sub-grant award strategies and options such as quick impact grants, service delivery grants, advocacy grants, research grants and targeted sustainability grants; and
- 2) provide, as needed, organizational development training and technical assistance to subaward awardees. This shall be described and approved in each annual workplan.

TDEA will execute periodic solicitations drawing upon current thematic interests, geographical foci and policy "hot topics". USAID will be involved in planning and approving each solicitation through the Project Steering Committee to ensure that the thematic content of each solicitation is in line with USG program priorities and project needs.

TDEA will perform the following activities through its various departments:

- 1) receiving, logging and prioritizing applications (based upon the likelihood of achieving results);
- 2) vetting potential sub-grant awardees;
- 3) ensuring that proper administrative and financial controls are in place to administer funds and ensuring compliance with applicable regulations;
- 4) coordinating a review and approval process with USAID's representative of this program; and
- 5) monitoring performance and reporting upon the results of activity implementation.

As a matter of developing resources, TDEA shall:

- Receive and establish application files for all subaward requests that have been received in response to solicitations. TDEA will review and score all complete applications received from qualified applicants, make a funding recommendation, and submit summary assessment documentation to USAID's COR. TDEA will correspond directly with unqualified applicants or those submitting incomplete applications advising them of the reasons their applications are not receiving further funding consideration;
- Prepare and submit the standard database file for all funded subaward applications to the USAID COR, and regularly verify the accuracy of the database entries;
- Undertake field visits to assess the organizational capacity of potential subawardees to perform the activities being proposed, and to assess their ability to control and account for any financial support that may be provided in accordance with USAID regulations. TDEA will also assess the viability and appropriateness of each project application, employing standardized procedures that will include talking with principal stakeholders, including local government institutions and organizations, and potentially with other donors active in the area;
- Provide technical assistance to subawardees in developing financial and program management systems that will ensure subaward funds are being properly accounted for;
- Provide quarterly and monthly reporting of results of subawards, including progress of initiatives, achievements, problems encountered, proposed solutions and budget status to USAID's COR (as detailed in [Section F](#) Reports and Deliverables of TDEA's contract with USAID);
- Upon approval, execute awards using funding provided under the program. Post-award, TDEA will be responsible for on-going subaward management and oversight,

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ensuring to the extent possible successful project completion and financial accounting. Subaward management will include project close out and submission of final performance and accounting reports;

- Security permitting, work with the awardees and USAID's representative to organize appropriate signing ceremonies and other public relations material to adequately publicize the subaward program and the U.S. support being provided; and
- Assume responsibility for establishing coordination linkages with other subaward-making organizations and donors to vet potential subawardees, avoid duplicate financing, and inform other potential donors of subawards being made under the program.

TDEA is further expected to propose and implement strategies for facilitating scale-up and sustainability of initiatives supported under the program. Such strategies can include: building on and strengthening existing local networks and institutions that benefit the populations served or building on and strengthening projects originally funded under the program. The approach and methods proposed to achieve the results must be appropriate, practical and cost-effective.

U.S. Executive Orders and U.S. law prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is TDEA's legal responsibility to ensure compliance with these Executive Orders and laws. Prior to issuance of sub-grant awards TDEA shall provide USAID's Contracting Officer certification that the prospective awardee organization does not support terrorism.

### **2.3 Subcontractors' Responsibilities [Under TDEA's Contract with USAID]**

TDEA's sub-contract partner(s) shall be responsible for providing capacity building, training and technical assistance support to subawardees in relation to the project's Objective # 2's illustrative activities. Besides this, for subawards related to Objectives # 1 and 3, TAF has been tasked to manage the grant fund, execute subawards, prepare advances, process cost reimbursement vouchers and liquidate advances. Similarly, GT-AASR will also support development of an internal audit manual, provide compliance services to the project and carry out pre-award responsibility determination exercises as well as post-award monitoring upon instructions of TDEA.

TDEA shall, on a case by case basis, make a determination that such interventions may be necessary and appropriate to meet the objectives of the subaward and ensure that funds will be properly accounted for.

### **2.4 USAID Responsibilities [Under Contract with TDEA]**

USAID's COR will be a permanent member of the PSC, and in this context, represent and communicate USG interests, and collaborate with TDEA in setting the direction of the program, while exercising oversight and involvement in implementation planning, activity monitoring, and performance evaluation. USAID's COR will interface with TDEA, via the PSC, on issues pertaining to USG identified priorities as well as thematic redirection or reorientation arising from project inter-relationships and/or changing socio-political environment.

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USAID's COR will forward to the USG Inter-Agency Grants Review Committee (GRC) all scored, vetted, application summaries received from TDEA on a periodic basis for timely review and decision. USAID will approve all sub-grants awarded under this contract.

The GRC will review all application summaries received from TDEA and TDEA's funding recommendations, and make a final determination to proceed with an award, or to deny an award to the applicant. Manager Grants will notify all unsuccessful applicants that have been denied an award via emails through the GMIS. COR will provide the list with reasons of denial to COP for the project's application files.

### 2.5 Grants Management Committee (GMC)

The Grants Management Committee (GMC) reports to the Chief of Party and comprises of such members as nominated by COP.

The GMC composition is determined in a manner that allows the Project the highest degree of openness and transparency and ability to recommend the most appropriate subawardees. The detailed terms of reference of GMC are detailed in [Annex 3](#).

The COP shall constitute a Technical Review Panel consisting of the program experts for first sifting of the applications and technical reviews. This will be done through the respective directors. First sifting may be carried out manually or electronically with the MIS department. All the staff members who will be tasked with the technical review and evaluation of the applications must be given an orientation about the program and thematic areas as well as what is expected out of the concept papers/ grant applications as applicable. This is imperative to reduce the reviewer's bias as well as yields common understanding among the evaluation team. It is equally important that the members from the technical team which will be responsible for capacity building are involved at the application review stage to obtain their technical buy in and for developing their understanding of the organizational development and capacity building requirements.

The PD&R department will provide a list of Technical Review Panel members for each thematic area along with their terms of reference to the COP who will review and approve the recommendation of PD&R department. COP may also make changes to the composition of the technical review panel/committee members based on their qualifications, experience and in the interest of time. Please refer to [Annex 29](#) for a document containing recommendations from PD&R unit and TORs of the Technical Review Committee.

The GMC reviews and recommends the following to the COP:

- Program Summary/ Program Description
- Request for Applications and its advertisement
- Selection of short-listed applicants and approach towards their responsibility determination
- Selection of potential subawardees

Detailed financial review of cost applications and pre-award assessment will only be carried out for technically competent and short listed applications. After the results of responsibility determination are available and are discussed in the GMC, the COP will take a decision on the recommendations of the GMC and will forward his decision to the PSC for ratification and approval. The recommendation related to payment methodology i.e., advance or reimbursement as proposed by the assessment team is also included in GMC recommendations.

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## 2.6 Project Steering Committee (PSC)

The PSC shall be responsible for oversight and strategic and programmatic decision-making for all aspects of the project in order to furnish guidance for day-to-day management of the project.

The PSC will have specific powers for approval of subawards solicitation, instructing the project to hold pre-application orientation meetings and approve competitive subawards. The detailed terms of reference of PSC are provided in [Annex 2](#).

## 2.7 Assessment Team

The Assessment Team is comprised of the Grants/ Finance/ Compliance Officer and relevant Technical Experts, and where required, Internal Auditor from the Internal Audit Unit of TDEA. Under the project design, TDEA has outsourced the assessments to GT-AASR while TDEA might also do some of the assessments itself or through other subcontractors.

The Assessment Team is responsible for the following:

- Conducting an organizational assessment of potential subawardees
- Gathering supporting documents to support the evaluation of each area and criterion covered in the organizational assessment
- Managing the assessment process with the potential subawardees; this includes sending the engagement letter to potential subawardees as per defined monetary thresholds, conducting entrance meeting to discuss the purpose of the assessment, conducting exit meeting to discuss the results of the assessment, and finalizing the report
- Summarizing the results of assessment for review and approval of GMC.

Technical aspects of the risk assessment are covered by the technical experts of the concerned program or Monitoring and Evaluation team of TDEA which may or may not accompany the operational risk assessment team. The technical experts of the concerned program or Monitoring and Evaluation team will produce its report based on the site survey, references from donors, local government and beneficiary communities about the work of the applicants. Depending on the type of assessment and given the availability of time, the Monitoring and Evaluation team may also hold meetings with the applicant staff, study their products and gather technical information necessary to frame a technical assessment of the applicant. Results from both the technical and operational assessments would theoretically corroborate and would provide valuable information to the GMC about avenues for capacity building for the applicants. It also complements the operational risk assessment to give a complete picture to the management for decision making.

## 3. Conflict-of-Interest Statement

All individuals stated in [Section 2](#) must declare any conflict of interest, such as financial or personal interests in organizations that will participate in the competition for subaward. A conflict of interest presents a risk that the individual's objectivity is impaired while performing their roles in the subaward process.

A Conflict-of-Interest Statement is signed by all individuals stated in [Section 2](#) and updated periodically, e.g., every six months. Such statement should indicate the names of all organizations in Pakistan the individual has personal and/or financial interests in. A specimen format to be used for declaration is available as [Annex 27](#).

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An individual with conflict of interest must not participate in tasks such as recommending and selecting subawardees for subaward.

## 4. Subaward Purpose and Types

### 4.1 Subaward Purpose

TDEA and USAID/Pakistan's Democracy and Governance (DG) program seek to support the evolution of democratic governance in Pakistan by embedding principles of citizens' voice and public accountability in government planning and program implementation. Recognizing, however, that state-based, "supply side", support interventions are unlikely to yield the measure of good governance needed to support and sustain Pakistan's fledgling democracy, TDEA and USAID seek to implement a civil society strengthening activity that cross-cuts, in a complementary fashion, each of the supply-side support activities mentioned above. The proposed civil society support program will provide an important modality to integrate, strategically, the delivery of assistance to support citizens and non-state entities engaging with government actors in a variety of public decision-making contexts.

### 4.2 Types of Subawards

There are two types of subawards available from the Project. These differ from each other by their type of purpose, size, duration, payment method, and other aspects. Choice of subaward instrument will depend on factors like program design, results of pre-award responsibility determination and capacity of the applicant organization including the cash flow requirements. The types of subawards that may be awarded under the Project include:

- Fixed Obligation Subawards (FOSA)
- Simplified Subawards (SSA)

**FOSA** grant is awarded to support a program with very specific elements. It allows performance without monitoring the actual costs incurred by the subawardee. It has the following specifications:

- Maximum subaward period: The maximum period of such type of award should be as per ADS 303. In case of incremental funding/ implementation for similar activities for subsequent years, the grant duration may be increased by way of modification/ amendment instead of issuing new subaward. However the total grant duration should not exceed the maximum period mentioned in the ADS. Any such situations will be documented and reviewed by GMC followed by COP approval. All subawards must close ideally, two months before the end of the project.
- Maximum subaward amount: The maximum subaward amount should be Pakistani Rupee equivalent of the limit mentioned in ADS 303.
- Allowable purpose: Intended to finance projects where there is a reasonable certainty about the costs and where the results and implementation of milestones are readily discernible, for example organizing a conference, or conducting a training seminar. FOSAs support projects where there is limited risk that the specific subaward activity will change.
- Other specifications:
  - A FOSA subaward schedule of disbursements must be associated with one or more very specific program milestones where there is a certainty about the cost of achieving each benchmark and where accomplishment of each milestone by the subawardee is readily discernible in fact and in time. The schedule of disbursements reflects both the timing and the amount of subawardee payments for the accomplishment of each milestone, and it is therefore essential that the GMC be satisfied that there is sufficient cost basis to negotiate the schedule of disbursements.



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- Allowable costs: No specific costs are assigned to FOSAs. FOSAs are awarded to achieve specific milestones. There is no requirement for monitoring of types and magnitudes of the actual costs of achieving the milestones, except in those instances where advances have been provided to support specific cost elements.
- Approval required: Approval by USAID/Pakistan, which is dependent upon the following factors:
  - The ability to easily identify and quantify programmatic accomplishments or results in establishing subaward milestones;
  - Limited risk that there will be changes to the program; and
  - Adequate cost (historical or unit pricing) information is available to determine and negotiate a fair and reasonable subaward. Local organizations should budget costs as direct charges.
- Required certifications from subawardee: Refer to [Section 16.1](#) for a list of certifications
- Payment type: Payment made to subawardee after presentation and verification of accomplishment of milestones.
- Additional help document for Awarding Fixed Obligation Grants: Refer to Annex 34.

*As mentioned at the end of this section, advance can also be provided to FOSA recipients depending on risk rating and practical needs of program at any time during the award.*

- PSC approval required: Yes

**Simplified Subaward (SSA)** is the type covering small, medium and large sized subawards and can, where appropriate, be used for all tiers of subawards. It has the following specifications:

- Maximum subaward period: One year or more but less than three years – These grants must close before the end of the project. All subawards must close ideally, two months before the end of the project.
- Maximum subaward amount: Pak Rupees equivalent to US\$ 150,000.
- Allowable purpose: Similar to FOSA, it is intended to finance discrete results-oriented activities that are measured with verifiable indicators and strengthen the capabilities and program activities of eligible organizations.
- Other specifications:
  - Flow-down of all USAID regulations that should be complied with by the subawardee
  - Monitoring of compliance with the subaward agreement
- Allowable costs: Costs that are allowable, reasonable and allocable following the criteria set forth in the OMB Circular A-122. Advance payments are authorized.
- Approval required: Approval by USAID/Pakistan
- Required certification/s from subawardee: Refer to [Section 16.1](#) for a list of certifications.
- Payment type: Advance payments are authorized being default mode. Cost reimbursement approach might be followed depending upon recommendations of the pre-award assessment if level of risk is higher. GMC will finalize the recommendation for payment type in such cases. Reimbursement of allowable expenses supported by bona fide receipts from subawardee or advance payment supported by analysis of cash flow requirement related to planned activities.
- PSC approval required: Yes

Advances can be paid out under both mechanisms. For FOSA advances may be provided for discrete, verifiable, cost elements bearing in mind the need to provide enough liquidity to the subawardee to implement the program. Refer to [Clause 5](#) of "Fixed Obligation Grant (FOG) Entity Eligibility Checklist" for requirements for authorizing advances under FOG.

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## 5. Eligibility for Subawards

### 5.1 Organizations Eligible for Subawards

Applicants that are eligible to receive subawards from the Project include national, regional, and/or local civil society organizations working individually or in partnerships for joint implementation. Grants shall be awarded only to Pakistani entities. A brief description of potential subawardees is given below. Subawards to locally registered non-Pakistani entities may be approved under exceptional circumstances by USAID. The amount of such subawards shall not exceed \$250,000. Subawards of higher value may be approved under exceptional circumstances by USAID.

Cost share from the subawardees is encouraged and will be determined on case to case basis.

Potential subawardees could include non-governmental organizations (NGOs), community-based organizations (CBOs), policy think tanks, academic research and training institutes, professional/business organizations (PSOs), labor organizations as well as civil society/media partnerships. Because the Project will be working to foster productive connections, Government of Pakistan (GOP) entities (Federal, Provincial or lower) working on the "supply side" of the equation are also viewed as potential subawardees.

For the purposes of this document, "civil society" is defined as any non-state, non-government, network, or organization entity whose primary purpose is to contribute to the promotion of principles and practices of good governance and to improve the lives of the people they represent. These are multi-faceted and multi-layered groups organized around community, functional and sector concerns; they do not include political parties for the purposes of this document. Civil society groups critical to sustaining Pakistan's transition to civilian, democratic governance have been identified as human rights groups, conflict management groups, civic or political education groups, anti-corruption groups, constitutional reform groups, organized labor groups, women's organizations, youth groups, student organizations, business and professional associations, and religious groups, among others.

TDEA's priority is to work with organizations that possess the following general criteria:

- Registered as not-for profit organization under the appropriate governmental body; organizations working for-profit are eligible if they waive their profit element.
- Have basic financial management systems
- Currently active in the community with existing programs
- Commitment and flexibility to work in partnership with TDEA
- Commitment to TDEA working principles
- Credibility and proven relevant experience

The eligibility criteria provided in this Manual are indicative and will be approved for each funding cycle by USAID which would be considered final.

Subject to GMC recommendation and COP's approval, and risk management practices of TDEA, no organization will be simultaneously or concurrently awarded more than 3 grants under the project. However, if the concerned organization has completed one of the three grants, it will be eligible to apply for a grant again. Modifications in scope of existing grants, incremental funding or a cost/no cost extension are excluded from the ambit of this restriction. Additional grants will be in special cases, for more than 3, subject to PSC/ USAID approval for such exceptions.

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## 5.2 Organizations Ineligible for Subawards

Individuals and political organizations are not eligible for subawards under the Project. State or governmental institutions and foreign-owned organizations are eligible only with prior written approval of USAID. General ineligibility criteria are:

- Public international organization;
- Entity directly affiliated with TDEA or any of its Directors, Officers or employees;
- In the various lists of Pakistan Government, U.S. Government, as screened through different GOP, USG and UN resources maintained for prohibited organizations or individuals (subawardee and key personnel);
- Organizations whose previous awards were terminated by TDEA or USAID on performance grounds; and
- Subawardee and its key personnel were convicted by a court of competent jurisdiction in Pakistan or fine of more than Rs.50,000 or imprisonment or both. The objective is to avoid inclusion of organizations or individuals with proven track record of fraud and lack of fiduciary behavior.

All applicants will have to disclose whether they are organizations led or managed by political personalities. They will also need to certify that the benefits from subawards will not be used by them for claiming votes for a particular political party or individual. The ineligibility criteria provided in this Manual are indicative and will be approved for each funding cycle by USAID which would be considered final.

A disclosure statement for political affiliation as well as familial relationships within the organizational structure is required as a part of pre-award certifications. The requirements of "subaward reporting and executive compensation" are also included in these certifications. Please refer to [Annex 6](#) for sample documents.

## 6. Overview of Subaward Process

This section describes the steps in the project subaward process, from the solicitation to when the subaward agreement is signed. The project selects organizations for award by utilizing a competitive, open and transparent process by using one or more of the following approaches. Any changes/ bypass in procedural steps or approaches delineated in this Manual are allowed upon recommendation of the GMC, approval of PSC and USAID.

The subaward process is shown in a flowchart form in [Annex 26](#). However for Quick Impact or Time Sensitive sub awards, the steps outlined in this manual could be converged or skipped with recommendations from GMC followed by approval of COP, PSC and COR.

### 6.1 Periodic General Programming Statements requesting Concept Papers (CPs) – [Two-step process: CPs followed by specific requests for applications]

1. PSC gives the directions for solicitations pursuant to USAID approval;
2. Nation-wide call for Concept Papers from potential subawardees covering the target geographical areas identified by USAID;
3. Virtual Q&A sessions and posting of FAQs on project website;
4. Receipt of concept papers and their logging;
5. Sifting, review and short-listing of applications;
6. GMC review, COP approval;
7. PSC vetting and final approval by USAID for selection of the CP and applicant (Note: This approval is deemed to be granted subject to satisfactory grant application);

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8. Issuance of “concept specific” request for application to the qualified/ selected organizations;
9. Optional orientation to potential applicants on grant application development;
10. Q&A sessions in which comments are provided to applicants whose concept paper has been approved;
11. Receipt of grant applications and their logging;
12. Evaluation (Technical and Cost) of the applications submitted;
13. GMC review, COP approval;
14. Instructions for rapid and detailed pre-award assessments as applicable;
15. Participatory organizational assessments/desk surveys;
16. Assessment (scoring) of participatory organizational assessments/surveys;
17. PSC vetting of Subawardee followed by USAID approval;
18. Negotiation with selected Subawardee; and
19. Subaward agreement
20. Periodic reporting of Subawards status to PSC and USAID.

### 6.2 Specific Requests for Applications [One Step process]

1. PSC gives the directions for solicitations pursuant to USAID approval;
2. Targeted call for grant applications from potential organizations covering the priority geographical areas identified by USAID;
3. Optional pre-application clarification meeting;
4. Virtual Q&A sessions and posting of FAQs on project website;
5. Receipt of grant applications and their logging;
6. Sifting, evaluation (technical) of the applications submitted;
7. Short-listing of potential subawardees based on applications;
8. GMC review, COP approval;
9. Instructions for rapid and detailed pre-award assessments as applicable;
10. Participatory organizational assessments (rapid assessment/ detailed pre-award assessments as applicable);
11. Assessment (scoring) of participatory organizational assessments/surveys;
12. Review of cost applications will be carried out for shortlisted applicants only.
13. PSC vetting followed by USAID approval and final selection of the Subawardee
14. Negotiation with selected Subawardee; and
15. Subaward agreement;
16. Periodic reporting of Subawards status to PSC and USAID.

### 6.3 Invitation to “Required Organizations”

1. Identification of “required organizations” in the targeted districts that have capacity to conduct activities aimed to contribute towards project objectives:
  - a) A review of organization registered in the district is conducted by TDEA or its affiliate organizations in the target geographical area.
  - b) Local government and donors working in the district will be contacted to ensure that NGO's are not missed that work in activity areas intended for support under the subawards program
  - c) Other required organizations may be state or parastatal entities eligible for receiving subawards under the project e.g., public sector universities and training institutions.
2. Interview on the phone or in the field will be conducted with representatives of the organizations that meet the criteria specified above to ensure that they have the specific technical capacity and are interested in a TDEA/ USAID subaward.

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3. A matrix of all identified subawardees crossed with the criteria will be developed;
4. A short list would be developed of potentially qualified subaward awardees;
5. Issuance of Request for Application (RFA) to the qualified organizations;
6. Optional pre-application orientation to potential subawardees;
7. Receipt of grant applications and their logging;
8. Evaluation (technical and cost) of the applications submitted;
9. Short-listing of potential subawardees based on applications;
10. GMC review, COP approval, desk review of approved applications below local currency equivalent of US\$25,000;
11. PSC vetting followed by USAID approval and final selection of the Subawardee (Note: This approval is deemed to be granted subject to satisfactory results of rapid assessment/ detailed pre-award assessment as applicable and negotiation of grant award);
12. Instructions for rapid and detailed pre-award assessments as applicable;
13. Participatory organizational assessments (rapid assessment/ detailed pre-award assessments as applicable);
14. Assessment (scoring) of participatory organizational assessments/surveys;
15. Negotiation with selected Subawardee and other relevant stakeholders/partners for best and final offer; and
16. Subaward agreement
17. Periodic reporting of Subawards status to PSC and USAID.

The steps in this process, after issuance of RFA, are similar to para 6.2 above with slight modifications.

### 7. Developing a List of “Required” Organizations

A list of “required” organizations (similar to the concept of “required” vendors) is developed to facilitate a more efficient subawarding process. This could be used for sole sourcing of applications to government institutions which have no competition with private sector or to private institutions where they are the only logical choice for subawarding and the same is documented for record. This could also be used to target the state and parastatal entities which require organizational development and capacity building support. An organization could also be included as “required” by the PSC by documenting the reasons. The template for Justification for Exception to Competition (JEC) is attached as Annex 35 and the justification will be subject to TDEA Executive Council and USAID approval.

#### 7.1 Steps Involved in Developing a List of “Required” Organizations

The following are the steps involved in developing a list of “required” organizations:

- Identifying all possible organizations that are eligible to receive subawards
- Screening them against the basic qualifying criteria (see [Section 12.1](#))
- Conducting organizational assessment of short-listed organizations (see [Section 14](#))
- Selecting “required” organizations (see [Section 15](#))
- Entering into a Memorandum of Understanding (MOU) with “required” organizations (see [Section 7.4](#))
- Periodic updating of the list of “required” organizations

#### 7.2 Identifying all Possible Organizations

The PSC identifies all possible organizations by obtaining a list of registered organizations from the members, local government agency or ministry and through contacts with and referrals

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from other NGOs and the donor community including USAID. Another way of reaching out to such organizations is to announce a call for Concept Papers in the newspaper and/or on the Project website (see [Section 9.2](#)). The objective is to demonstrate and document the source of a require organization and at the same time how it came to the knowledge of project staff.

Any announcement for such purposes should explain that the main purpose of such announcement is to identify organizations that met certain criteria and are willing to participate actively in competing for subawards that will be sought from time to time during the Project period; indicate the deadline date for submission of applications; and provide contact points at Project for any questions about the announcement.

The identified organizations are then invited to apply for funding by requesting them to submit a Subaward Application form ([Annex 6](#)) and the documents that support meeting the basic qualifying criteria.

### 7.3 When to Develop and Update the List of “Required” Organizations

The list of “required” organizations is developed upfront and updated periodically, e.g., every six months thereafter by the PSC.

Once the list of “required” organizations is established, these organizations may then respond to solicitation of Request for Applications. The GMC may then immediately proceed to evaluating the applications. The organizations do not have to be screened against all the basic qualifying criteria and organizational assessments do not have to be conducted; elimination of these two steps reduces the subawarding process by at least a week.

While a considerable amount of time is invested upfront in developing the list, it replaces having to screen the organizations against basic qualifying criteria and to conduct organizational assessment every time there is a need for subaward.

### 7.4 Memorandum of Understanding

A Memorandum of Understanding (MOU) is established between TDEA and the “required” organization. The MOU is a non-binding agreement, in which the tone of the agreement encourages both parties to honor the conditions without having to invoke legal recourse in case one party did not abide by the conditions in the MOU.

The MOU does not involve funding commitment. In the case of a “required” organization, the MOU will state that the “required” organization will actively participate in competing for subawards within a certain timeframe and may be approached as a “sole-sourced” provider of service subject to meeting any of the exceptions to competition requirements in [Section 19](#); provide cost share when selected for a subaward; and submit all required certifications (e.g., certification on terrorist financing).

See [Annex 4](#) for the MOU template.

## 8. Identification of thematic areas

The Thematic areas for the program to issue subaward solicitations will be provided by USAID. These will represent core issues related to democracy and governance initiatives of USAID and also to support other interventions of USAID in the areas of education, health, economic growth etc. TDEA may also suggest thematic priorities and inputs from PSC will be included in the process of identification.

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## 9. Solicitation

### 9.1 Preparation of Solicitation Documents

PSC gives the directions for solicitations pursuant to USAID approval. The solicitation documents will be prepared based on the thematic areas and funding levels. TDEA can take any of the solicitation approaches defined in [Section 6](#) above. In cases where the intent is to invite the ideas from the interested parties in general thematic areas, a two-step solicitation process will be used to solicit applications with concept papers from eligible applicants followed by grant applications from shortlisted applicants in the given thematic areas. Please refer to [Section 6.1](#) for the list of steps involved. Similarly, where the program description is specific and USAID decides that TDEA should directly go for grant applications; a one-step process can be used to issue RFAs. Please refer to [Section 6.2](#) for a list of steps involved in this process.

Every solicitation document is approved by USAID. The information provided in this Manual with respect to the contents of solicitation documentation is indicative while the final set of all solicitation documents remain subject to USAID approval. Any subsequent modifications in the solicitation documents will not require revision to this Manual.

The time limits and criteria provided in this manual are indicative. Final time limits and criteria will be defined in the approved RFA/GPS.

### 9.2 Announcement of Solicitation

The selection of organizations for subaward is done through **a competitive, open and transparent** process consisting of the following approaches:

- Advertisement of General Programming Statements requesting for CPs – These could be required where the project is looking for innovative approaches from the applicants and aims to address a variety of non-specific issues related to its core components.
- Advertisement of RFA under one step process.

The objective is to maximize the communication of solicitation so that all interested applicants are aware of the solicitation. While advertising in newspapers is one way of wide spreading the information, other avenues like emailing to list of organizations maintained by TDEA secretariat, placing links on project and USAID website and all possible means of reaching grass-root level and reasonably communicative/ visible must be explored and utilized.

It is TDEA's policy to provide for full and open competition through use of the competitive procedure(s) contained in this Manual that are best suited to the circumstances of the project action and consistent with the need to fulfill its obligations to donors/ clients efficiently. Full and open Competition means that any type of organization or business will be permitted to compete for the planned subaward (subject to the source, origin, nationality and other restrictions of the solicitation). Besides that, Limited Competition may also be used with USAID approval. This includes any other authorized method which would mean less than full & open competition. This will be marked for any subaward action that will be solicited using less than full and open competition.

For two step approach, the solicitation for CPs is advertised in the local newspapers and/or on the Project website while the resulting request for full applications is only directed to applicants whose concept papers have been approved. For the one step approach, the solicitation is advertised in local newspapers and/or on the Project website. In both situations,

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the complete solicitation document does not need to be advertised but a link to the project website for complete details must be provided in the advertisement.

The Grants Manager coordinates with Procurement and/or Communications Unit/s for the advertisement and/or posting of Solicitation on the Project website. It is important to note that cost of advertising in newspapers or other media is different depending upon circulation. The PSC may also guide about the choice of newspapers and geographical coverage. Sometimes, there are USAID internal directives for circulation and TDEA's voluntary compliance builds goodwill with the client.

TDEA may arrange for virtual or in-person Q&A sessions with applicants and may also publish the FAQs on the project website so that applicants responding to RFAs are better informed about the specific nature of the solicitation.

There are cases when full and open or even limited competition may not be possible. See [Section 19](#) for exceptions to competition requirements.

### 9.3 Cancellation of Solicitation(s)

The cancellation of an RFA costs both parties i.e., TDEA and applicants in terms of time, effort, and money. TDEA should cancel RFAs only when cancellation is mandatory, logical, defensible, unavoidable and beyond its control. For example:

- (1) When there is no longer a program or project, when USAID is no longer supporting the program or project or it is directed by the USAID to cancel the RFA.
- (2) When amendments to the RFA would be of such magnitude that a new RFA is desirable.

If TDEA cancels an RFA, it will return any applications it has received unopened and will issue a notice of cancellation, either posted electronically as a general notice or sent to all prospective applicants, or both. TDEA must purge any electronic applications for a cancelled RFA from primary and backup data storage systems.

The notice of cancellation must:

- (1) Identify the RFA number and provide the title or the subject matter,
- (2) Briefly explain the reason why TDEA cancelled the invitation, and
- (3) Assure prospective applicants that they will be given an opportunity to apply for any subsequent or future RFA for the program, if appropriate.

The Grants Manager must document the:

- (1) Circumstances and rationale for the cancellation;
- (2) Applications received, returned, and purged; and
- (3) Cancellation notice and RFA issuance dates.

## 10. Two-Step Solicitation Process

### 10.1 Preparation of the General Programming Statements

Based on the approved thematic areas and funding allocation, a quarterly or annual programming statement is prepared to solicit concept papers from the interested parties for the two-step process. The annual or quarterly programming statement includes the following:

1. Title of the program.



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2. Instructions for Application Format.
3. Selection Criteria.
4. Program Summary/ Program Description Requirements
5. Application Submission Criteria for Full Applications
6. Annexes

The instructions for application format include title of the program, eligibility criteria, and preparation and submission guidelines for concept paper applications, financial allocation, award information, technical instructions for Concept Papers and any other issues to be brought to the attention of applicants. Please refer to [Annex 5](#) for a template of a quarterly programming statement (general periodic programming statement).

Every solicitation document is approved by USAID. The information provided in this Manual with respect to the contents of solicitation documentation is indicative while the final set of all solicitation documents remain subject to USAID approval. Any subsequent modifications in the solicitation documents will not require revision to this Manual.

### 10.2 Contents of PS/PD

The applicant organizations will provide the PS/PD a part of their application. The PS/PD summarizes the intended outcome of the intervention and based on the limitations of the parameters of the project, will require the information outlined below. Since the project anticipates innovative ideas from the applicants and aims to address the issues related to its core components, maximum space will be provided to the applicants for expressing their ideas and interventions. The PS/PD should include at least the following requirements to be met by the applicant organizations:

- Purpose of the subaward
- Thematic areas involved
- Proposed program activity;
- Problem statement and its analysis with the innovative ideas to address the issues;
- Target beneficiaries including gender mix;
- Overall project goals and objectives;
- Measurable project objectives;
- Duration of the activity;
- Monitoring, evaluation and reporting systems; and
- Estimated cost.

For the one-step process, most PS/PD will be developed by USAID's core technical teams. Funding parameters for each solicitation will be provided by USAID based on annual budget plans.

### 10.3 Advertisement of General Programming Statement

This solicitation is then advertised as detailed in [Section 9.2](#). Most solicitations will remain open for fourteen business days from the date of the announcement, after which applicants can no longer submit their CPs. The Grants Manager and M&E Manager ensure that any applications received after the deadline shall not be processed or reviewed.

### 10.4 Receipt and Processing of CPs

Receipt and processing of CPs involves the following steps:

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- 1) TDEA's application process is web-enabled, email enabled as well as hard copy receipt based. Although the intent is to shift towards information technology enabled processing, paper-based applications may be accepted in start-up.
- 2) Every solicitation of applications (Periodic General Programming Statements or direct RFAs) will detail the process of submission which will be deemed final for that cycle.
- 3) Acknowledgement of receipt of application to the applicant organization by the TDEA MIS Department in the same manner as application is submitted i.e., web-based, email notification or hard copy acknowledgement. Contents of the application are not checked at this stage.
- 4) For initial sifting, a desk review of the concept papers will be carried out by the M&E department to establish eligibility of the applicant organization, and any ineligible or incomplete applications will be rejected out of initial sifting.
- 5) If a CP lacks certain critical information as mentioned above, it will not be processed further and TDEA will inform the applicant accordingly.

### 10.5 Review and Approval of CPs

After the closing date of applications provided in the solicitation, complete CPs will be reviewed by the designated review panel. A preliminary technical review will take place and summary of the application along with findings/recommendations will be forwarded to GMC.

All CP applications will be reviewed against a set of technical criteria. The relative importance of each criterion is indicated by the number of points assigned; a total of 100 points is possible:

<b>Technical Evaluation Criteria</b>	<b>Weight</b>
a. Technical Quality and Innovation, including clear objectives and goals	50
b. Institutional Capability and Past Performance	10
c. Project Management Capability	10
d. Cost Realism/Cost-Effectiveness of budget	15
e. Demonstrated sustainability of the project	15
<i>Total points/ weight</i>	<i>100</i>

The above criteria and weight/points are indicative while the Periodic General Programming Statement approved by USAID will include a final set of requirements. If there are any changes to the criteria subsequently, a revision to this Manual will not be required.

GMC will review the findings/ recommendations of the review and recommend successful applications for approval to COP. COP can disagree with the recommendations of GMC but will have to record the decision in writing and communicate the same to PSC as well.

COP will then forward the short list to PSC for vetting. From there, the ranked shortlist goes to USAID for final approval.

### 10.6 Informing the Applicant

- 1) At all review levels like GMC, COP, PSC and USAID, the Concept Papers can also be sent back to the program team for gathering more information for decision-making. Also, the review level may suggest slight improvements (add, update, delete) in the concept paper for revision before approval. Since the program is conceived and owned by the

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subawardee, no significant changes would be proposed by TDEA/USAID requiring revision and resubmission of CPs. It is also important to note that if there is too much back and forth, a short list will never be materialized.

- 2) Decision for approval or non-award rests with USAID and will be communicated to the applicant by TDEA.

### 10.7 Issuance of Concept Specific Requests for Applications

Based on the approved CP, a concept specific request for a full application will be sent to applicants. Applicants will be provided application requirements as well as the evaluation criteria upon which their full applications and detailed budgets will be evaluated.

### 11. One-Step Solicitation Process – [Specific RFAs]

For the purposes of this Manual, the process from this point onwards is converged and applies to both one step and two-step processes. The difference is that in one step process, PS/PD is provided by USAID.

In a one-step process, RFAs are prepared and advertised when USAID requires TDEA to go directly for issuing RFAs based on pre-approved PS/PD developed by USAID for discrete and mature interventions in selected thematic areas and funding allocation according to the objectives of Citizens' Voice Program. COR will provide the approved PS/PD to the COP who will forward it to the Grants Manager and other technical leads.

Please refer to [Annex 5](#) for the templates of RFA and other solicitation documents.

#### 11.1 Preparation of RFA

After receiving the approved PS/PD, the Grants Manager drafts an RFA, under the supervision of the Director of Finance and Grants Administration and in consultation with the relevant experts (e.g., Technical Managers/ Directors, etc.). The RFA should have at least the following items:

- Background information on the Project
- PS/PD approved by USAID
- Deadline for submission of applications
- Funding limitations and conditions
- Basic qualifying criteria
- Technical application guidelines
- Financial application guidelines
- Cost share guidelines
- Documents required to support meeting each criterion (basic qualifying criteria, technical and financial applications)
- Application evaluation criteria

The first template for RFA will be approved by USAID. This template will then be fixed for future use of the project and only PS/PD as well as submission timelines will change.

#### 11.2 Advertisement for RFA

An RFA from potential organizations is advertised using different channels including the local newspapers, the Project and USAID website, email list maintained by TDEA secretariat and other public options to maximize the outreach as defined in [Section 9.2](#).

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The standard contents of an advertisement are:

- 1) Client and TDEA Project logo as per approved marking policy;
- 2) Title of project/ program;
- 3) Brief introduction to the project;
- 4) Purpose of solicitation;
- 5) Type of funding e.g., subawards and funding allocation;
- 6) Geographical area where project is working;
- 7) Donor acknowledgement and program tenure;
- 8) Eligibility criteria of subawardees clearly defined;
- 9) Last date for obtaining complete RFA package;
- 10) Address from where the above documents can be obtained;
- 11) Last date and time of submission of applications;
- 12) Contact points at the Project for any questions about the advertisement;
- 13) Safety caveats like: Late applications will not be entertained. TDEA reserves the right to reject one or all applications with or without giving any reasons. Applicant shall bear any and all costs associated with preparation of and filing the application; TDEA will not be responsible to reimburse any costs whatsoever related to the application process. TDEA will select the most advantageous application and may or may not fund all applications due to budgetary restrictions etc.

Depending on the degree of the PS/PD's complexity, an orientation of applicants may be held. In such a case, the advertisement should also include the date and time of the orientation.

The advertisement is open for fourteen business days from the date of the announcement, after which applicants can no longer submit their grant applications. The Grants Manager and M&E Manager ensure that any applications received after the deadline should not be go through the qualification process.

## 11.3 Required Documents for Submission by Applicants

Applicants will be required to submit their applications in two parts:

- Technical application
- Financial application

In addition to the applications, applicants will be required to complete the Subaward Application form ([Annex 6](#)) and submit the following documents to support meeting the basic qualifying criteria and other documents for evaluating the technical and financial applications, as listed in the RFA:

- Copy of certificate of registration, charter, by-laws or founding agreement
- Evidence to support applicant's banking experience.
- Copy of the audited annual financial statements in the last two years, if available for TDEA's desk review.
- Latest organization chart for the whole organization that shows the position title and name of the person related to the position title. This will not be required for grants less than local currency equivalent of \$25,000
- Resumes of key personnel
- Past performance reports from donor agencies/ clients

The requirements related to documentation provided in the Manual are indicative while the RFA approved by USAID will include a final set of requirements for each cycle of funding.

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## 11.4 Optional Orientation of Applicants

If necessary and as required by the PSC, the concerned technical team along with Grants Manager conducts an orientation of applicants on the date as indicated in the advertisement of RFA. The applicants are oriented on the following:

- About the Project
- PS/PD
- Application requirements
- Deadline for submission of application and applications
- Outline of contents of the applications
- Technical application guidelines
- Financial application guidelines
- Guidelines on costing of milestones or results
- Cost share guidelines
- Certifications required
- Short-listing process
- Application evaluation criteria
- Organizational assessment

The Technical team documents the list of applicants that attended the orientation.

## 11.5 Responding to Queries from Applicants

In the interest of communication flow, to avoid conflict of interest and to maintain integrity of the process, an email address will be created for applicants to submit their queries on that address and the ownership of that address will lie with the Grants Manager. Creation of a separate email address will restrict direct access of the technical team with the applicants and will avoid any potential conflict of interest. The Grants Manager will ensure that all received queries are circulated at the end of each business day to the review panel including GMC members with assigned responsibility to get an answer from the technical or finance team. The names of organizations or persons asking questions will not be revealed to the project team. Such answers will then be sent back using the same email address and will also be posted in the FAQ section of the project website. It is therefore important to advise all the applicants to continue visiting the website for updates about the solicitation.

Queries from applicants within fourteen business days from the date when applications (or ten business days, in the case of call for CPs) were requested must be responded to in a timely manner by the relevant experts i.e., technical, financial, M&E or Communications as applicable. Questions from applicants and answers provided to applicants must be documented and shared, as appropriate, with all applicants. While questions and answers are shared with applicants, the contents of applications must not be shared among applicants.

## 11.6 Receipt of Applications

Each application received is logged by the MIS staff in a register or subaward applications database, taking note of, at least, the date of receipt, name of applicant, and documents submitted by the applicant. The MIS staff submits applications to the Grants Manager after the closing date of applications who then requests a GMC meeting.

The MIS Staff, through electronic or hard copy notifications, informs each applicant of the receipt of its application in writing.

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### 12. Selection of Short-listed Applicants

Whether a call for CP or RFA has been made; applicants must go through a review and short-listing process.

#### 12.1 Review of Applications against Basic Qualifying Criteria

The GMC reviews the applications against the basic qualifying criteria and the documentary evidence as stated in the table below.

Criteria	Documentary Evidence Required
Must be a legally constituted, registered professional association, training institute, NGO or CBO in Pakistan.	Copy of certificate of registration and charter, bye-laws or founding agreement
Must not be a public international organization	
Must not be an entity directly affiliated with TDEA or any of its Directors, Officers or employees	
Must not be in the various lists of GOP, U.S. Government, as screened through different GOP, USG and UN resources (subawardee and key personnel).	Report from GOP, USG and UN resources supporting documents to clear false positives (done internally and copies of screen shots maintained)
Have basic financial management systems	<ul style="list-style-type: none"> <li>• Information verifying banking experience for the last twelve months</li> <li>• Results of the audited financial statements in the last two years, if available; results should indicate a reasonable amount of net equity</li> <li>• Current organization structure</li> </ul>
The organization should either be an organization not-for-profit or an organization for-profit such as a private firm or an association, provided it works on a non-profit basis with regard to a TDEA subaward	<ul style="list-style-type: none"> <li>• Certification to waive / forgo any profits in the subaward</li> </ul>
Must demonstrate currently active, successful program or activity implementation;	<ul style="list-style-type: none"> <li>• Profile and references</li> </ul>
NGOs or groups of individuals that have proven track record of working for TDEA's program related activities and/or working with other donor funded projects.	<ul style="list-style-type: none"> <li>• Profile and references</li> </ul>

The results of the review must be documented using the template in [Annex 7](#), file "Basic Criteria Evaluation Sheet". Such documentation must show all applicants reviewed against each criterion, as stated above, with emphasis on those that met all the basic qualifying criteria; and must be supported by all documents submitted by the applicants.

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Any applicant that did not meet all the criteria stated above is disqualified or does not continue to the next qualifying round.

The review against the basic qualifying criteria should be done as applications are received and should end within three business days from the deadline date of submission of applications.

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

The criteria provided in the Manual are indicative while the RFA approved by USAID will include a final set of requirements for each cycle of funding.

### 12.2 Review of Applicants' Technical Applications

This focuses on the content and quality of the application. Specific selection criteria depend on the objectives and outcomes of each program, additional conditions imposed on TDEA by the USAID, and local laws. In general, TDEA review will be based on the following:

- Anticipated results
- Implementation plan
- Organizational capacity and experience
- Creativity and community involvement
- Beneficiaries
- Cost breakdown
- Feasibility of program activities/approaches and results
- Sustainability of proposed interventions

The above selection criteria may vary and can include other criteria important to a specific program. The final evaluation criteria will be provided by USAID which will make part of the solicitation documents.

The technical applications that pass the basic qualifying criteria are reviewed by the Technical review panel/ technical experts. Based on the above list, each application should be reviewed against the required PS/PD for the subaward and scored in the following manner, with a total possible score of 100 points.

Technical Evaluation Criteria	Weight
a. Technical Approach	55
b. Management Plan	15
c. Institutional Capacity	15
d. Past Performance	15
Total possible technical evaluation points	100

The above criteria and points are indicative while the RFA approved by USAID will include a final set of requirements. If there are any changes to the criteria subsequently, a revision to this Manual will not be required.

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An applicant must score a minimum of 60 points to be short-listed. However, the PSC or USAID may decrease the passing score with reasons documented in writing. These would ideally be situations where, after eliminating reviewer's bias, a stronger need of capacity development is identified and PSC is of the view that the applicants should not be deprived of the assistance due to formal/ structured nature of the decision making process.

USAID reserves the right to decrease the qualifying marks for either a particular thematic area which after evaluation by TRC and GMC, remains at less than anticipated level of awarding or for the cycle as a whole. This right could be exercised by the COR in form of a documented direction. After GMC's recommendations of shortlisted applicants to COP, the COP will inform PSC including USAID about the status of announced vs., recommended applications and any short falls in the targeted number of awards. COP will recommend decrease in qualifying marks for a thematic area or the cycle as a whole depending upon the status. PSC or USAID COR can then lower the qualifying marks and document this direction in form of a memo to COP. Additional applications which become qualified as a result of revision to the qualifying marks will be reviewed by GMC, COP, PSC and USAID. TDEA will however evaluate the risk of awarding to such entities and a partial award or award with targeted interventions only could be made. GMC and COP may also recommend organizations with documented justification as special cases which would not have qualified on an overall basis but present a strong and appealing idea for consideration by PSC and USAID. If such applications are approved, the marks of these applications would form the approved ceiling in respective thematic areas. TDEA may also split the total award into an initial FOSA to support development of systems followed by an SSA for the remaining life of the approved intervention depending upon the progress made by grantee and it's capacity building in the tenure of FOSA. If there is no significant progress, TDEA can drop the grantee and terminate the FOSA as well as not extend the subsequent SSA.

The evaluation results must be documented using the template in [Annex 8](#), file "Technical Application Evaluation Sheet". Such documentation must show all applicants reviewed against each criterion, as stated above, and the short-listed applicants; and must be supported by all documents submitted by the applicants.

The technical team should complete within one day or lesser the evaluation of one technical application. The Director for M&ER will review the marking before it is formally closed for further edits in the Grants Management Information System. S/he will review and equate the markings by all the reviewers and inquire about significant variations in markings to evaluate review patterns or reviewer's bias. The Director can guide and lead the process however; s/he will not influence the technical reviewers to change their scores. After the equalization exercise is concluded, the technical review marking will be closed for editing by the MIS department. This can also be done by assigning a date to the system by MIS department (based on GMC's approved plan for reviews) after which the system is closed. Please refer to the [Annex 29](#) for a specimen of the review checklist used for technical review.

The technical team submits the documented results of review against basic qualifying criteria and evaluation of technical applications and all relevant supporting documents to the GMC for review and recommendation of short-listed applicants. GMC reviews and recommends to the COP that shortlisted applicants be tested further through a pre-award responsibility determination exercise along with the recommendation of type of such assessment. After the assessment, results are submitted to COP for approval through GMC and final short list is then presented to PSC by the COP for approval.

In a situation where an applicant organization has a strong institutional capacity and past performance (i.e. if it obtains a minimum of 65% marks in these areas), but fails to obtain the qualifying marks due to weak quality of technical proposal and management plan, the project



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management may provide input and guidance to the applicant organization to get their application revised and then recommend it for the award. Such a course will, however, be adopted only when the required number of applicant organizations have not obtained the qualifying marks or when there is a strong need for specific intervention in a certain area for which the selected organization has the demonstrable capacity.

Similarly, in a situation where an applicant organization has obtained a minimum of 65% marks in the technical proposal and management plan, but has failed to achieve the qualifying marks due to weak institutional capacity and past background, the project management may negotiate with the applicant organization a capacity action plan and other appropriate conditions and, subject to its satisfaction, may recommend the same for the award. This course will be adopted only when the required number of applicant organizations has not obtained the qualifying marks or when there is a strong need for specific intervention in a certain area for which it is important to build capacities of non-governmental organizations.

### 12.3 Recommendation of Short-listed Applicants by the GMC

The GMC review process takes place in two stages. Initially when the sifted applications are provided for review and recommendation and finally when the results of pre-award responsibility determination results are available.

The GMC reviews the evaluation (review against basic qualifying criteria and evaluation of technical applications) conducted by the panel experts and the relevant documents supporting the evaluation. After the needed iterations of clarifications, the GMC makes appropriate changes to the evaluation, if needed, and recommends the selection of short-listed applicants to panel members for further action. The approval is documented in a memo and communicated back to the panel members. If no changes are required, a recommendation is made to the COP for his approval of the initial short list/ sifted list for pre-award responsibility determination along with the type of assessment to be used (desk review, rapid assessment, detailed survey etc.).

As a granting agency, it is not TDEA's mandate to dictate its terms to the applicant organizations. This is an assistance program and grantee reserves right to the ownership of the program. During the review process however, there could be questions and clarification required for certain propositions laid down in the contents grant application. These include but are not limited to: questions related to technical approach, unclear or missing linkages, lesser information for decision making, gaps in the proposed implementation model, questions related to geographical and political risks, missing or unclear risk analysis etc., besides these, there could be questions in implementation plan, M&E plan, staffing, past performance and other areas of technical applications. The GMC can review and advise about collection of the missing information and clarification from the applicants who have passed the technical review and may also review applications which did not pass the technical review. Possible means of such iterations with the applicants could be through email, phone, meetings, presentations etc. It is however important that all applicants be advised that the project is in the process of shortlisting and communications from TDEA do not entitle the applicants for a grant. Please refer to [Annex 28](#) for an initial communication/ letter to applicant grantees informing them about the shortlisting process and what they are required to do.

The Assessment Team carries out the responsibility determination. After the pre-award responsibility determination exercise is completed, its results are again brought to the GMC. After deliberation on these results, the GMC once again recommends COP for approval of final short list and taking the matter up to PSC.

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The recommendation and approval process should be completed within five business days from receipt of evaluation results from the panel of technical experts. The documented results of review against basic qualifying criteria and evaluation of technical applications and all relevant documents are forwarded to the Grants Manager and M&E Manager.

## 13. Selection of Potential Subawardees from Short-listed Applicants

The COP's approval based on GMC's recommendation triggers the detailed evaluation of financial applications of the short-listed applicants. Financial applications of only technically vetted applicants, approved by COP are evaluated. The financial applications of short-listed applicants are reviewed by the Grants Management team in order to select the potential subawardees.

### 13.1 Criteria for Evaluating Financial Applications

Each financial application should be evaluated based on the criteria stated below, with a total possible score of 100 points.

Criteria	Maximum Points (100 total)
Cost assigned to each activity or result is realistic and reasonably prudent compared to acceptable benchmarks or market rates. <small>Note 1</small>	60
Costs are appropriately broken down by cost category to facilitate understanding of assumptions behind the costs.	40
<b>Total Possible Points</b>	<b>100</b>

Note 1 - For training costs, recurrent costs per trainee should be at a sustainable level and benchmarked at an appropriate rate.

The above criteria and possible points are indicative while the RFA approved by USAID will include a final set of requirements for each funding cycle. The short-listed applicant must score a minimum of 60 points to be considered as a potential subawardee. There can be instances where there are no points for cost application and 100% weightage is given to technical application.

The evaluation results must be documented using the template in [Annex 9](#), file "Financial Application Evaluation Sheet". Such documentation must show all applicants reviewed against each criterion, as stated above, and the potential subawardees; and must be supported by all documents submitted by the applicants.

[Explanation: Please also refer to [Annex 9A](#) for evaluation checklists related to cost applications in the event USAID decides not to allocate any marking to the cost applications].

The Grants Management team should complete within one day or lesser the evaluation of one financial application.

The Grants Management team submits the documented evaluation of all financial applications and relevant supporting documents to the COP for review and approval of potential subawardees and onward submission to the PSC.

### 13.2 Approval of Potential Subawardees by the PSC

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The PSC reviews the evaluation recommended by GMC as approved by the COP and the relevant documents supporting the evaluation. After the needed iterations of clarifications, the PSC makes appropriate changes to the evaluation, if needed, and approves the selection of potential subawardees. The approval is documented in a memo and communicated back to the COP.

The approval process should be completed within three days from receipt of evaluation results from the GMC.

The documented evaluation of all financial applications and relevant supporting documents are forwarded to the Grants Manager.

### 13.3 Inform Applicants of Status of Applications

Potential subawardees and those that were not selected during the first and second qualifying rounds are informed in writing by the Grants Manager upon instruction of COP primarily through change of status in the online Grants Management Information System (GMIS). The extent of any additional information will vary depending on the number of rejections and availability of time. TDEA may also publish the list of successful applicants on the project website stating that organizations excluded from this list were unsuccessful. In cases where organizations demonstrated substantial value in their concept papers or grant applications, but have not been short-listed, they may be given feedback for improvement and encouraged to apply for next grant cycle under the same theme if repeated or a different theme if instructed by COP. TDEA may also include applications which are marginally below the qualifying marks for targeted interventions.

TDEA may make efforts to guide the applicants which score substantially below 60 marks by way of putting demo applications with marks as a general guideline or publish dos and donts for applicants to follow in order to score better marks. When there is large volume of applications, innovative methods may be applied to provide generic feedback as individual feedback would not be possible. Preaward orientations about how to gain better marks, FAQs on project website and help text in application forms can also serve this purpose. This section applies to both one step and two step processes.

## 14. Conducting Organizational Risk Assessment of Potential Subawardees

### 14.1 Types of Assessment

TDEA performs the risk assessment of potential subawardees by way of performing a pre-award responsibility determination exercise. It has categorized the assessments according to the nature and size of subawards as follows:

	Type of assessment	Applicability
1.	Desk Review	For small and very straightforward type of subawards. These include performance based training and advocacy activities for less than one year duration. The estimated value of award could be up to \$25,000
2.	Rapid Assessment	For relatively medium sized type of performance based subawards and with very specific

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		interventions when the applicant has demonstrated ability of carrying out the intervention successfully in the past. The estimated value of award could be over \$25,000 and less than \$100,000. Estimated completion would also be within one year.
3.	Detailed pre-award assessment	These are formal detailed assessments and would be used for relatively larger and complex/ cross cutting interventions where estimated value of award would be over \$100,000 and the duration could be up to or over one year.

Risk assessment of subawardees must be completed prior to entering into subaward agreement with subawardees. These also provide several opportunities of capacity building to TDEA and as a result strengthen the applicant organizations for future funding and sustainability.

Subject to approval of GMC, COP and PSC, TDEA may use the reports of existing pre-award assessments done by TAF, GT-AASR or other USAID projects (referred to as external reports) for award of grants. Such reports will be reviewed by Grants team and GMC and any updates from the date of the report will be factored in for developing recommendations, a capacity action plan, prior approvals, any other pre and post award conditions and specific deliverables or reports. Risk management remains the responsibility of TDEA and hence all steps must be carefully taken including the assessment of quality of external report being and its scope.

A brief of the processes including indicative nature, timing and extent is as follows:

- a) **Desk Reviews** will be carried out for subawards having value under US\$25,000. This mode of assessment will be executed through a documentation based approach. Assessment tools used for desk reviews include (1) enquiries, and (2) analytical testing.

A desk review will be initiated from sizing up the organization based upon the documentation provided at solicitation stage which shall be used to structure the desk review template accordingly.

Based upon the scope and steps defined in para (d) given below, the purpose of the assessment is to obtain limited assurance on the effectiveness of the organization at an institutional level through documentation review and its ability to utilize the subaward for the required purpose.

A senior associate and a supervisor will be involved in carrying out a desk review, whereas Manager and Assistant Manager will be involved in qualitative review, drafting of report and overall management.

Each desk review will require one day. No travelling will be involved in this mode of assessment. Please refer to [Annex 10](#) for a template of Desk Review

- b) **Rapid Assessments** will be carried out for subawards having value US\$25,000-100,000. This mode of assessment will be executed through documentation and system based approach. Assessment tools used for rapid assessment include (1) inquiries, (2) analytical testing, and (3) walk through testing.

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A rapid assessment will be initiated from sizing up the organization based upon the documentation provided at solicitation stage which shall be used to structure the rapid assessment template accordingly.

Based upon the scope and steps defined in para (d) given below, the purpose of the assessment is to obtain limited assurance on the effectiveness of the organization at an institutional level through documentation and systems review and its ability to utilize the subaward for required purpose.

A senior associate and a supervisor will be involved in carrying out a rapid assessment, whereas Manager and Assistant Manager will be involved in qualitative review, drafting of report and overall management.

Three days will be required for executing a rapid assessment. Travelling will be involved in this mode of assessment. Please refer to [Annex 11](#) for a template of Rapid Assessment

- c) **Detailed assessments** will be carried out for subawards having value US\$100,000 and above. This mode of assessment will be executed through documentation, system and transaction based approach. Assessment tools used for detailed reviews include (1) enquiries, (2) analytical testing, (3) walk through and (4) substantive testing.

A detailed assessment will be initiated from sizing up the organization based upon the documentation provided at solicitation stage which shall be used to structure the pre award assessment template accordingly.

Based upon the scope and steps defined in para (d) given below, the purpose of the assessment is to obtain limited assurance on the effectiveness of the organization at an institutional level through documentation review, systems review and transaction testing and its ability to utilize the subaward for set purposes.

A senior associate and a supervisor will be involved in carrying out a detailed assessment, whereas Manager and Assistant Manager will be involved in qualitative review, drafting of report and overall management.

Five days will be required for executing a detailed assessment. Travelling will be involved in this mode of assessment. In case of larger subawards e.g., having value above US\$ 400,000 a time span of at least ten days will be required given the increased extent of testing. Please refer to [Annex 12](#) for a template of Detailed Assessment.

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d) **Steps to be performed for execution of pre award reviews and assessments – Operational/ financial**

Type/Category of Pre Award Review and Assessment	Desk Reviews	Rapid Assessments	Detailed Assessments	Indicators
Subaward Value	US\$ 0-25,000	US\$ 25,000 – 100,000	US\$ 100,000 and above	Following indicators would serve as touchstones to conduct review and assessments
<p><b>Framework For the Implementation/Execution of Assessments, and M&amp;E</b></p> <p><b>A. List of Documents Required at the time of solicitation would include the following:</b></p> <ol style="list-style-type: none"> <li>1. Registration documents including Charter or Constitution or Memorandum and Articles of Association and Objectives for which the organization was established</li> <li>2. Audited Financial statements for the past 2-3 years</li> <li>3. Profile and experience of the organization in doing similar projects including reference certificates from previous donors/ clients</li> <li>4. Organizational Chart</li> <li>5. CVs of the proposed team for the implementation of the project</li> <li>6. Details about other partners and donors</li> <li>7. Financial and technical applications of the proposed intervention</li> </ol>				

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<b>B. Areas vis a vis Indicators to Accomplish Assessments</b>				
The following indicators will be used in the pre-assessment stage against which suitability of subawardees shall be assessed to determine whether a subaward shall be made to them or not. These indicators with minor variances shall be applicable across the three tiers of subawards to be awarded by TDEA.				
Areas	Desk Reviews	Rapid Assessments	Detailed Assessments	Indicators
<b>Documentation</b>				
a. Review of registration documentation with trusts, societies, authorities, and regulatory bodies.	✓	✓	✓	<ol style="list-style-type: none"> <li>1. Registration certificate,</li> <li>2. Registered with SECP under section 42,</li> <li>3. Societies Registration Act, 1861,</li> <li>4. Any other registration legislation/ authority.</li> </ol>
b. Review of financial statements and accounts – if any	✓	✓	✓	<ol style="list-style-type: none"> <li>1. Bank statement,</li> <li>2. Annual accounts statement,</li> <li>3. Donor report,</li> <li>4. Audit reports,</li> <li>5. Periodic financial reports</li> </ol>
c. Review of legal documentation of the organization such as charter, M&A of association, set up Deed etc.,	✓	✓	✓	<ol style="list-style-type: none"> <li>1. Charter of the organization,</li> <li>2. Memorandum and Articles of association,</li> <li>3. Set up deed etc.</li> </ol>
<b>2. Relevance of the Organization to the Project</b>				
a. Meeting with Key Management		✓	✓	<ol style="list-style-type: none"> <li>1. Head of the institution,</li> <li>2. Chairman of the Governing body/Board,</li> <li>3. Executive Director, CEO etc.,</li> </ol>
b. Review of institutional/ organizational structure	✓	✓	✓	<ol style="list-style-type: none"> <li>1. Organogram,</li> <li>2. Management and Administrative Structure.</li> </ol>
c. Review of ownership and governance structure and its effectiveness	✓	✓	✓	<ol style="list-style-type: none"> <li>1. Is it a public body or privately owned organization?</li> <li>2. Is the governing body elected by the general members or few selected members?</li> <li>3. TORs for the elections of the governing body, SOPS, internal and external auditing reports.</li> </ol>
<b>3. Systems Review of the Organization</b>				
a. Review of organization's systems – policies and procedures, SOPs etc.		✓	✓	<ol style="list-style-type: none"> <li>1. Procurement systems and controls,</li> <li>2. HR management,</li> <li>3. Financial Management etc.</li> </ol>
b. Documenting of procedures in practice		✓	✓	<ol style="list-style-type: none"> <li>1. Manuals,</li> <li>2. SOPs,</li> <li>3. Internal audit,</li> <li>4. M&amp;E and corrective measures.</li> </ol>

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c. Identification of gaps			✓	✓	<ol style="list-style-type: none"> <li>1. Annual assessments,</li> <li>2. Monitoring and evaluation of operations and project,</li> <li>3. Identification of gaps,</li> <li>4. Any corrective measures suggested and adopted by the organization.</li> </ol>
<b>4. Transaction Review</b>					
a. Verification of internal control and internal checks including segregation of duties				✓	<ol style="list-style-type: none"> <li>1. Internal controls,</li> <li>2. Internal audit manuals,</li> <li>3. SOPs etc.</li> </ol>
b. Sample based transaction testing of major functions of the organization				✓	<ol style="list-style-type: none"> <li>1. Financial management and accounting,</li> <li>2. Procurement,</li> <li>3. HR and internal audit etc.</li> </ol>
<b>5. Risk Analysis:</b> identification and verification of the key weaknesses therein based on the assessment	✓	✓		✓	<ol style="list-style-type: none"> <li>1. Weak M&amp;E mechanisms,</li> <li>2. Weak or no reporting,</li> <li>3. Absence of audit SOPs and reports,</li> <li>4. No record of internal/external audit,</li> <li>5. No or weak documentation,</li> <li>6. Not following procurement and HR best practices,</li> <li>7. In case of previous subawards, have laid down procedures of donor(s) been followed or not?</li> <li>8. Is the organization ever engaged or associated with any terrorist activity or organization?</li> <li>9. Weak or adverse references,</li> <li>10. Application of Source, origin and nationality regulations as per USG and USAID Regulations.</li> </ol>
<b>6. Absorptive Capacity Analysis:</b> Verifying the capacity of organization's capability to take on and perform the tasks associated with the subaward				✓	<ol style="list-style-type: none"> <li>1. Institutional capacity,</li> <li>2. Availability of hard and soft infrastructure,</li> <li>3. Experience in similar activities and projects,</li> <li>4. Institutional harmony- is activities in accord with stated organizational objectives or not?</li> <li>5. Trained and skilled staff availability,</li> <li>6. Is capacity building initiatives, undertaken and staff training encouraged or not?</li> </ol>
<b>7. Recommendations:</b> Identifying enabling conditions which facilitate the subawardee to achieve the goals of the subaward	✓	✓		✓	<ol style="list-style-type: none"> <li>1. Recommendations which address gaps identified during review and assessment, to enable the subawardee for successful execution of subawards</li> </ol>



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<b>8. Report:</b> A consolidated report will be prepared based upon the findings of the review and assessment	✓	✓	✓	An assessment report would be generated at the completion of the assessment for each applicant
<b>C. Framework For the Identification of Indicators and Tools For Review and Assessment</b> Following three major standard are used to identify the tools and indicators for assessments				
<b>1. Documentation</b> This involves reviewing key documentation in order to validate authenticity of an organization.	✓	✓	✓	1. Office and other associated infrastructure, 2. Telephone No., 3. Email address, website etc.
<b>2. System based</b> This involves reviewing the systems in practice, their effectiveness, and gaps therein.		✓	✓	1. Reviewing the SOPS, 2. Internal controls and Systems, 3. Absence of compliance with best practices identified of management, program implementation, auditing, office maintenance and bookkeeping, 4. Gaps.
<b>3. Transaction based</b> This involves verification of the effectiveness of the internal controls through review of transactions.			✓	1. Reviewing the SOPS to ensure compliance of the subawardee with identified and laid down internal procedures, 2. Internal controls,
<b>D. Tools/Methods For Review And Assessment</b>				
1. Inquiries	✓	✓	✓	1. Telephonic, 2. Personal, 3. Walk through, 4. Visiting the office, 5. Meeting the relevant persons.
2. Analytical Testing	✓	✓	✓	1. Reviewing the documents submitted at the time of solicitation 2. Manual 3. SOPS 4. Internal and external controls 5. Subawards and other relevant manuals for HR, Financial and Procurement Management 6. Registration deed 7. Memorandum of articles etc.
3. Walk through testing		✓	✓	1. By looking at the on ground situation/condition, 2. Any discrepancies between the on-paper and on-ground situation/conditions of the organization, 3. Meeting the relevant persons and officials of the organization,

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4. Substantive Testing			✓	<ol style="list-style-type: none"> <li>1. This tool would employ all the above mentioned tools for analysis and assessments,</li> <li>2. This would involve the transaction based testing for the assessment.</li> </ol>
<b>E. No. of Working Days</b>				
1. Staff				
• Execution staff per assessment	2	2	2	
• Management Staff per assessment	2	2	2	
<b>F. Total Working Days For Each Category Of Assessment</b>	1	3	5	

The rapid assessment and detailed Preaward risk assessment is done, mostly through site visit, by the [Assessment Team](#). Prior to the assessment, the [Assessment Team](#) sends an engagement letter to inform the potential subawardees of the assessment to be done and prepares for the assessment by reviewing the applications and evaluation results of potential subawardees. A pre-requisite for conducting the assessment is the orientation of applicants, through an email which includes explanation of the assessment process (see [Section 14.2](#)).

### e) Steps to be performed for execution of pre award reviews and assessments- Program Area

Activities	Desk Reviews	Rapid Assessments	Detailed Assessments
Grant Value	US\$ 0-25,000	US\$ 25,000 – 100,000	US\$ 100,000 and above
<b>A. FRAMEWORK FOR EXECUTION</b>			
<b>1. Review of documentation received during solicitation stage</b>			
a. Review of mission statement and organization's goal/s. (if any)	✓	✓	✓
b. Review of progress report and achievements in accordance with organizational mission and goal.	✓	✓	✓
c. Review of the work undertaken for the Citizens' voice project (campaigns, demonstration lobbying etc. /advocacy strategy. (if any)		✓	✓
d. Review of the work undertaken for public accountability initiatives and monitoring of public services (health Education, Policing etc.) (if any)	✓	✓	✓
e. Review of the CV's of organizational head and 2 key staff members to judge their experience and ability for the advocacy based work.	✓	✓	✓
f. Review of the publications, annual reports and other material relevant to the application. (if any)	✓	✓	✓
g. Review of the organization's strategic plan			✓

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<b>2. Understanding of the Organization</b>			
a. Meeting with Key Management for verifying and clarifying the queries coming out from the desk review		✓	✓
b. Meeting/ interview with a staff member to judge the capacity of the organization and training needs		✓	✓
c. Review of the staff training program (capacity building) if any		✓	✓
d. Verifying the capacity of the organization in making alliances and networks to achieve advocacy targets. (If applicable)			✓
e. Judge the organizational capacity to deal with and use media to achieve the public outreach and advocacy targets. If applicable.		✓	✓
<b>3. System Review</b>			
a. Review of organization's governance system, decision making processes, board and executive council role. (Organizational chart)		✓	✓
<b>4. Risk Analysis:</b> Reporting the key weaknesses therein based on the program side assessment	✓	✓	✓
<b>5. Recommendations:</b> Defining the conditions for capacity building to enable the grantee to achieve the goals of the funding	✓	✓	✓
<b>6. Report:</b> A consolidated pre award assessment report based upon the findings of the above mentioned steps.	✓	✓	✓
<b>B. APPROACH</b>			
1. <b>Documentation based:</b> Involves reviewing the key reports/ documentation in order to validate the capacity of an organization.	✓	✓	✓
2. <b>Interviews:</b> Involves interviews of the organizational head and key staff to judge the strength and finds the gaps in implementing the application.		✓	✓
<b>C. TOOLS OF ASSESSMENT</b>			
1. Interview questioners		✓	✓
2. Training need assessment questioners		✓	✓
3. Review of the reports and material provided with application form	✓	✓	✓

The [Assessment Team](#) gathers relevant supporting documents to support the evaluation of each area and criterion covered in the organizational assessment.

The [Assessment Team](#) must also recommend the mode of payment for the subaward activity, i.e., advance or reimbursement.

### 14.2 Purpose of Assessment

The risk assessment is done to determine the risk level of a potential subawardee. The level of risk impacts the decision to subaward or not and determines which type of subawardee monitoring will be performed for a subaward type.

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The assessment categorizes risk levels into three risk rankings as a result of the assessment and size of the subaward, as follows:

Level of risk	Definition of levels
<b>High</b>	High risk has been allocated to the areas where documented system and compensating controls do not exist and our review highlights certain material weaknesses. Or the documented system is in existence, however material weaknesses were observed.
<b>Moderate</b>	Moderate Risk Rating was assigned to the areas where documented system does or does not exist and during the transaction testing levels certain significant but not material weaknesses were observed, however the existence of compensating controls reduce the likelihood of such risks.
<b>Low</b>	Low Risk Rating was assigned to the functions where documented system exists, controls are in place and only certain procedural weaknesses, if any, were observed.

### Size of the subaward

Level of Risk	Risk Ranking
Low	Under \$25,000
Medium	\$25,001 to \$100,000
High	\$100,001 to \$250,000
High +	\$250,001 and over

An assessment for an organization done on desk or rapid basis will need to be updated in the event the total portfolio of the project increases beyond the limits specified for desk review and rapid assessment. This is essentially done to put in place mitigating factors to cater for the increased risk of TDEA in a particular subawardee. Since the assessments done by TDEA or subcontractors have step-wise procedures for different assessments, the type of assessment performed initially will be used to update the results of the assessment as a full re-assessment will not be required. This is to control the time spent on each assessment and remain reasonable. In the event other subcontractors are engaged for pre-award assessments by TDEA, the provisions of this clarification will apply.

### **14.3 Areas Covered in Organizational Risk Assessment**

The assessment identifies four areas in which each subawardee is to be evaluated, as follows:

- Inherent Risk
- Control Risk
- Reporting Capabilities
- Prior Experience Administering USAID awards or subawards

Each area is discussed in detail in [Annex 15](#).

The same areas are covered when assessing organizations for the purpose of developing the list of "required" organizations.

M&E team will prepare and use a programmatic review checklist that should also address the mission order 200.4 requirements.

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## 14.4 Discussions with Potential Subawardees

Entrance meeting is held with the potential subawardee's management team to explain how the organizational risk assessment is to be done and information requirements for the assessment. Exit meeting is held with the potential subawardee's management team at the end of the assessment to discuss the results – risk level rating and any recommendations to address significant issues noted during the assessment. It is important to manage expectations that the potential subawardee is informed that a final decision of subaward has not yet been made.

Exit meeting can be done with or without the GT-AASR or other subcontractor Assessment team. In this meeting, any points which remained unaddressed from GT-AASR review could be addressed. Also, the PDR and M&E team can take part in this meeting for any further clarifications that they would require. The CAP and any pre or post award conditions to be mentioned in the grant agreement will also be discussed and negotiated in this meeting.

At the same time, a time bound Capacity Development Action Plan ([Annex 16](#)) will need to be developed which will form part of the subaward. The subawardee will be required to implement the capacity development measures identified in the review/assessment process besides any other technical capacity development needs which will be addressed by the Organizational Development and Capacity Building unit of the project.

## 14.5 Reporting the Results of Organizational Risk Assessment

The [Assessment Team](#) separately presents the results of organizational risk assessment. Such assessments show the overall risk level rating.

The Assessment Team should also list the special conditions to be included in the subaward agreement; these special conditions should focus on areas that contributed to high risk rating.

All relevant supporting documents are collated and properly labeled, filed and Manager Grants compiles and categorizes the identified special conditions into four categories to facilitate the review and approval by the GMC as defined below:

- 1) Recommendation: These are the conditions which are essentially directed towards system improvements without legally binding the sub awardee.
- 2) Prior Approval Requirements: The conditions where either systems are weak or nonexistent for procurement of goods and services or the activity is critical to the objectives of the sub award.
- 3) Pre Award Conditions: These are the conditions without meeting which the applicant remains very high risk, to the extent of precluding the award.
- 4) Post Award Conditions: These are normally included as Capacity Action Plan (CAP) in the sub award, and represent targeted capacity building initiatives. In case of small short term awards, capacity building trainings conducted by the subcontractors will serve as CAP. The Capacity Action Plan will be part of the Letter of Grant and will be periodically reviewed during the period of the grant.

## 14.6 Review of Organizational Risk Assessment done by Assessment Team

Grants team will review and perform quality control check of the working paper files submitted by the subcontractors of the risk assessments undertaken by them. The quality control check will be performed atleast for those applicants which have been finally approved by USAID. The quality control check list is attached as [Annex 32](#).

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In order to meet tight deadlines, applications can be forwarded to USAID without submitting operational pre award results and USAID can be requested for approval. These approvals will be subject to satisfactory results of operational pre award assessments.

The risk assessment of each subawardee is reviewed at each periodic financial review, and is revised whenever required.

The GMC reviews the organizational risk assessment conducted by the [Assessment Team](#) and the relevant documents supporting the assessment. After the needed iterations of clarifications, the GMC makes appropriate changes to the assessment, if needed, and documents approval of the assessment results in a memo. The review should be completed within three days from receipt of assessment results from the [Assessment Team](#). After the final deliberations at GMC level, the COP approves the selection and takes it up to the level of PSC. The PSC's approval triggers the final selection of subawardee. The Assessment team also recommends payment mechanism for the subaward i.e., advance or reimbursement.

The proposed budget reviewed till last minute changes and hence final amounts communicated to PSC and USAID in the approval memo may change. However, the budget must not exceed the amount of funding allocated for this grant by USAID. Depending on the overall risk of the organization and its past experience for proposed interventions, TDEA may split the total award into an initial Fixed Obligation Subaward (FOSA) to support development of systems followed by a Simplified Subaward (SSA) for the remaining life of the approved intervention depending upon the progress made by the grantee in the tenure of FOSA. If there is no significant progress, TDEA can drop the grantee and terminate the FOSA as well as not extend the subsequent SSA.

### 15. Short-listing of Applicants by PSC

The results of the financial application evaluation and organizational assessment for all potential subawardees are consolidated by PSC to facilitate the final selection of subawardee. After thoughtful deliberations, the PSC chooses the subawardee for the subaward. The PSC documents the selection of subawardee through minutes of meeting and communicates the selection to the COP.

In the case of selecting "required" organizations, only the results of organizational assessment are reviewed by the PSC.

The minutes of meeting are forwarded to the Grants Manager.

As a granting agency, it is not TDEA's mandate to dictate its terms to the applicant organizations. This is an assistance program and grantee reserves right to the ownership of the program. During the review process however, there could be questions and clarification required for certain propositions laid down in the contents grant application. These include but are not limited to: questions related to technical approach, unclear or missing linkages, lesser information for decision making, gaps in the proposed implementation model, questions related to geographical and political risks, missing or unclear risk analysis etc., besides these, there could be questions in implementation plan, M&E plan, staffing, past performance and other areas of technical applications. The PSC can review and advise about collection of the missing information and clarification from the applicants who have passed the technical review. Possible means of such iterations with the applicants could be through email, phone, meetings, presentations etc. It is however important that all applicants be advised that the project is in the process of shortlisting and communications from TDEA do not entitle the applicants for a grant. Please refer to [Annex 28](#) for a letter to applicant grantees informing them about the shortlisting process and what they are required to do.

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### 15.1 Final approval of subawards by USAID

USAID's COR will take lead in the process at this stage and by forwarding all scored, vetted, application summaries received from TDEA on a periodic basis to the USG Inter-Agency Grants Review Committee (GRC) for timely review and decision.

Please refer to [Annex 30](#) for a specimen of approval memorandum to be used for requesting USAID approval.

USAID may approve more than the number of grants allocated in the RFA. USAID can also allow for increase in ceiling or award of a larger grant by combining more than one smaller application from the same applicant.

The GRC will review all application summaries received from TDEA and TDEA's funding recommendations, and make a final determination to proceed with an award, or to deny an award to the applicant. Manager Grants will communicate regrets to the unsuccessful applicants, also, an approval memorandum will be provided by the COR for TDEA's further action with the selected subawardees.

### 15.2 Inform all Potential Subawardees of Selection Results

Grants Manager will prepare a list of all unsuccessful potential subawardees to be kept on file or the online system. If possible, copies of the regret notification emails will also be retained on file or the online system.

The selected subawardee is formally requested by the Grants Manager to accept the subaward terms and conditions.

In the unlikely event that a selected subawardee no longer wishes to receive a grant award, the GMC may choose to recommend an alternative "competitive" applicant to be considered for the award. COP, upon agreement with GMC, will send the application to PSC for vetting and then to GRC through COR at USAID for approval. This implies that the next most qualified application will have to go through the same process as earlier applications.

## 16. Entering into Subaward Agreement with Selected Subawardee

The Grants Manager collates and checks completeness of all documents related to the subaward prior to drafting the subaward agreement. The file should have the following:

- Documented approval of selected subawardee by USAID.
- Documented vetting of selected subawardee by the PSC.
- Documented approval of organizational risk assessment by COP based on GMC recommendations – supported by documented organizational risk assessments/reports, all financial applications and relevant supporting documents (Second Stage GMC approval).
- Documented approval of potential subawardees by COP based on GMC recommendations supported by documented evaluation of technical applications, results of review against basic qualifying criteria, evaluation of technical applications and relevant supporting documents
- Documented approval of RFA by PSC and RFA document itself.
- Documented approval of PS/PD by PSC and PS/PD document itself
- Documented basis for approving or not approving the concept note by GMC and concept note itself.
- Separate files about the solicitation, applications received, logged and initial shortlisting/sifting, letters to successful and unsuccessful applicants, approval or denial letters to

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potential subawardees, minutes of GMC and PSC are also procurement documents which must be retained and maintained by the Grants team.

## 16.1 Drafting of Subaward Agreement

The Grants Manager reviews the RFA and PS/PD to understand what aspects in these two documents need to be in the subaward agreement. The Grants Manager also obtains the following required certifications from the selected subawardee:

- i. Certification regarding terrorist financing
- ii. Certification regarding debarment, suspension, ineligibility and voluntary exclusion
- iii. Certification regarding Narcotics offense and drug trafficking by key individuals
- iv. Certification regarding Narcotics offense and drug trafficking by participants
- v. Certification regarding drug free workplace
- vi. Certification regarding Lobbying
- vii. Certification regarding prohibition on assistance to drug traffickers
- viii. Initial environmental examination form
- ix. Certification Regarding Voluntary Population Planning Activities (for health and population subawards only)
- x. Certification that the subawardee and its key employees have never been convicted by a court of competent jurisdiction in Pakistan.
- xi. Declaration about the family relationships within management and governance structure of the subawardee organization.
- xii. Certification regarding local cost financing.
- xiii. Certification regarding political leadership or management of subawardee and declaration for non-political use of subaward funds
- xiv. Requirement and guidelines for obtaining a DUNS number
- xv. FSRS Executive Compensation and Subaward Reporting Form

The Grants Manager drafts the subaward agreement and attaches in it the certifications obtained from the selected subawardee. After the needed iterations of clarifications between the Grants Manager and concerned technical manager, the draft subaward agreement is sent to the selected subawardee.

The Grants Manager answers any questions the selected subawardee may have about the subaward agreement. After the needed iterations of clarifications, the subawardee conveys agreement with the terms and conditions in the subaward agreement.

To simplify accounting for the use of TDEA funds, it is preferred that funds “advanced” be placed in separate bank accounts established exclusively for that purpose. Further, should the bank account be interest bearing, Subawardee will inform TDEA of the amount of interest earned on funds advanced under the subaward, if any, and such interest earned will be refunded to the TDEA. Should Subawardee deposit the funds in a non-exclusive bank account, it is understood that Subawardee will be able to accurately account for the receipt and expenditure of these funds. Separate bank account requirement does not apply where subawardee is incurring expenditure itself and reimbursements are being made by TDEA or for FOSAs where no advances are paid.

As a result of negotiations with the subawardee, any changes in the PS/PD or the proposed budget from the initial application must be documented by way of a negotiation memorandum and signed by both the Grants Manager and Technical Manager concerned. Such negotiation memorandum documents the differences between original and final application and reasons for these deviations. Please refer to [Annex 17](#) for a template of Negotiation Memorandum.



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This negotiation memorandum is mandatory for awards above Pak Rupee equivalent of USD 100,000. For awards less than the threshold communication records evidencing negotiation are to be maintained.

This drafting of subaward agreement and obtaining subawardee's agreement should be completed within five business days. In the event the selected subawardee does not successfully complete the negotiation, the GMC recommends to the COP for subjecting the next most qualified party to the review and approval process. COP, upon agreement with GMC sends the application to PSC for vetting and then to GRC at USAID for approval. This implies that the next most qualified application will have to go through the same process as earlier applications including pre-award responsibility determination.

See [Annex 18](#) for the subaward agreement templates. The subaward agreement must include all respective provisions related to management of the subaward and approval requirements.

### 16.2 Finalizing the Subaward Agreement

Only after receiving the approvals of the selected subawardee from PSC, the Grants Manager can pursue finalization of the subaward agreement.

A subaward agreement number is allotted to each subaward and indicated on the agreement. Two copies of COP signed subaward agreement is sent to the subawardee for signature and subawardee returns one for TDEA record.

## 17. Subaward Management

### 17.1 Post award Orientation

All subawardees must be provided a post award orientation either individually or in groups as applicable and convenient immediately after the subaward to bring them on the same page with respect to the provisions of the subaward, the reporting requirements and expectations from the program. Please refer to [Annex 31](#) for a sample agenda for post award orientation.

### 17.2 Subaward Period

The subaward period is specified in the subaward agreement and must not go beyond the Project completion date.

### 17.3 Payments to Subawardees

A subawardee under a FOSA is reimbursed its costs based on milestones or results achieved. A certification of completion of milestones or results and documented evidence are submitted by the subawardee to TDEA when seeking reimbursement of its costs.

The Project technical staff verifies that milestones or results were indeed completed as agreed in the subaward agreement, either before each reimbursement or toward the completion date. Any discrepancy between the agreed and actual milestones or results achieved should have an equivalent adjustment in costs sought for reimbursement or final payment by the subawardee. The technical staff who verified the milestones or results recommends the reimbursement of subawardee's costs accordingly. Since further break-down of milestone costs and partial payments makes financial tracking of grant expenditure difficult, these are not preferred. In the event of anticipated major variations, a modification/ amendment to subaward is the preferred approach.

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For SSA, the financial report must be verified by the concerned technical department of TDEA and reviewed by the grants/finance team as applicable. The detailed review of the records of subawardees could be initiated depending on the nature and extent of expenditure reported. The decision to review the underlying financial records must be made with the approval of concerned Director and COP. Subawardee should be informed about the review beforehand and results must be documented and communicated to the subawardee. Please refer to the [Annex 19](#) for a template of a Subawardee Financial Report Review Letter.

Similarly, for capacity building and ensuring compliance with the Subawardee Capacity Building Action Plan which is a part of the subaward agreement, TDEA can initiate a field financial monitoring visit of the subawardee premises for review of its records and progress on the recommendations of the pre-award assessment. Although it is unconventional for FOSA but the objective here is to build capacity in previously identified areas. An engagement letter similar to pre-award assessment will be sent to subawardee in advance notifying about the review, areas covered, number of financial reports under review and timing of the review. Please refer to [Annex 20](#) for template of a Subaward Financial Monitoring Checklist (Onsite review). A letter of feedback will be provided to subawardee based on the findings of the review.

TDEA can make direct payments to suppliers on behalf of a subawardee. In such cases, the Grants Manager must verify that: (a) the good or service is clearly specified in the Subaward Application, (b) the good or service is allowable, allocable, and reasonable, (c) the selection of source was based on full and open competition to the maximum practicable extent. The same amount will be deducted from the budget of subawardee by way of sending a debit note and the subawardee will report it as an expense by TDEA on its behalf by adding to its total expenditure for reporting purposes.

Reimbursement can be made only upon presentation of at least the following documents:

- Subawardee's certification of completion of milestones or results
- Documented results of verification of subawardee's completion of milestones or results by a designated competent technical staff of the project
- Adjustment in costs if the agreed milestones or results were not fully achieved by way of modification/ amendment.

Nature, timing and extent of technical and financial monitoring and mentoring also depend upon the judgment of the concerned manager based on the responsiveness and interactions with the subawardee. Some subawardees might require more attention compared to other as their capacity building needs are greater than others while some subawardees might require lesser attention due to stronger systems meeting basic requirements of the subaward.

For all other purposes, USAID COR must be in the loop for a final decision related to relaxation or a legal action against the subawardee under the provisions of a subaward e.g., suspension, termination, recovery etc.

**Payment mechanism where TAF will be executing grants for TDEA:** A letter of instructions to the Country Representative TAF from the COP will be issued with names, bank account information, grant agreement number and amount to be disbursed. Advance will be obtained from USAID and will be routed to TAF for onward disbursement to the subawardees. The letter will state that all the pre-award and post award verifications, as applicable have been concluded satisfactorily.

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## 17.4 Advances

The Project may also advance funds to subawardees under FOSAs (see [Section 4.2](#)) where the typical payment method is cost-reimbursement (allowed by ADS 303). Advance payments may be made to subawardees under SSA. Cost-reimbursement will only be required for SSA when the special conditions for risk mitigation as recommended by GMC based on the results of pre-award assessment. Wherever advance payments are authorized, opening of a separate bank account will be required for the subawardee.

## 17.5 Monitoring of Subawardees' Activities and Milestones or Results Achieved

The milestones or results (outputs or outcomes) of subawardees, as indicated in the subaward agreement, should be verified, either before each reimbursement or toward the completion date, i.e., before final reimbursement.

The [Annex 21](#) provides template of a checklist used for monitoring of field activities. The different monitoring levels/ extent for FOSA and SSA will be based on the performance and capacity issues of the subawardee.

## 17.6 Amendments/ Modifications to subawards

An amendment to a subaward is any document that changes programmatic and/or financial terms as defined in the original agreement, including schedule changes, PS/PD changes, or major line item budget shifts. When required by the subaward, an amendment must be requested and approved **prior** to a significant deviation from the original agreement. Additionally, amendments to subawards can only be made by the TDEA's authorized person.

### I. Extensions

An extension is a document that authorizes the subawardee to continue spending on a subaward after the original completion date stated in the agreement. This is most common when funding has not been fully expended during the life of the project or there has been a delay in implementation. The following supporting documentation should be included in all extension requests:

- Original PS/PD and budget.
- Reason for extension request.
- Analysis of spending to date, expected spending until the original end date, and projection of funds remaining at the original end date; and
- Description of the use of funds if the extension is approved.

#### a) Extension (funds only )

If the extension being requested involves a request for additional funds, the request must be approved by COP before submission to USAID. The request will be discussed at GMC and sent to COP. It should include a detailed explanation of the need for extra funding and the reason for the time extension. Program team should circulate the extension request with the Subaward Amendment Review and Approval Form [Annex 22](#) to all of the appropriate signatories. Once the request is approved, it can be submitted to USAID. A subaward amendment template is also included in [Annex 18](#).

# Subawards Manual (September 2012)

**Note: No charges may be made to a subaward after the approved written completion date.**

Once the written extension is received from USAID, the information should be shared with Program department and concerned subawardee immediately.

## **b) Extension (time only)**

Extensions that do not involve a request for additional funds would require prior approval from COP. The PSC will be informed about all time extensions in a subsequent meeting. In most subawards the extension request must be made between 30-45 days prior to the end date. The Grants Manager must also maintain all extension requests and approvals in the subawardee's file. Once the written extension is received from COP, the information should be shared with Technical Team, Finance Team, and M&E Team immediately. However, if a time extension involves a budget revision, the approval process is outlined in the following Section.

**Note: No charges may be made to a subaward which has ended and which does not have a written approved extension from TDEA.**

## **II. Budget Realignment**

If the modification being made involves budget realignment or budget decrease, the modification would require prior approval of COP. The PSC will be informed about the modifications in a subsequent meeting.

TDEA's written approval in advance is required for the following. This approval will be given by COP as requested by Manager Grants with a copy to GMC. :

Additional funding (COP and USAID approval will be required);

For SSA, the transfer of amounts budgeted for non-program costs to absorb increases in program cost or vice versa. (COP approval will be required);

For SSA, if costs that require prior approval according to OMB circular A-122 were not budgeted originally, but are now necessary for the satisfactory completion of the project. (COP approval will be required).

For amending milestones (COP's approval will be required).

## **III. Program Revisions**

For FOSA COP may amend milestones during the period of the grant, if the original milestones are no longer feasible or appropriate due to circumstances beyond the control of the recipient, and if the amended milestones are compatible with and satisfy the original purpose of the grant. The COP may terminate the grant if he/she concludes that multiple or substantial amendments indicate that continuing the grant is no longer in the best interests of the Agency.

In case of SSA approval must be sought from the COP through GMC recommendation before any change from the agreed-upon PS/PD occurs as indicated in the subaward agreement.

## Subawards Manual (September 2012)

Subawardee must seek prior written approval from the COP before any one of the following occurs:

- Change in the PS/PD or objective of the project or program (even if there is no associated budget revision requiring prior written approval);
- Change in key personnel specified in the application or subaward document;
- The absence of more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principle investigator; and
- The subawardee intends to contract or subgrant any of the substantive programmatic work under the subaward, and such contracts or subgrants were not included in the approved subaward document.

### 17.7 Termination or Suspension of Subawards

TDEA reserves the right to terminate a subaward, with information to USAID, as follows:

- For material failure - The subaward may be terminated at any time, in whole or in part, upon written notice to the subawardee, whenever it is determined that the subawardee 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 a subaward activity is well designed, failure to achieve the objective will most likely result from either a wholly unanticipated event or condition (an invalid assumption) or negligence on behalf of the subawardee.
- With consent of the subawardee - the subaward may be terminated, in whole or in part, with consent of the subawardee. Both parties shall agree upon the termination conditions, including the effective date and, in case of partial terminations, the portion of the subaward to be terminated. The agreement to terminate will be in written form.
- Upon request of the subawardee - The subawardee may terminate the subaward in whole or in part upon sending a written notice to TDEA. 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 the TDEA a partial termination will mean that the purpose of the subaward will not be achieved, TDEA may terminate the subaward.
- When continuation is not in the national interest of U.S. Government - If at any time USAID determines that continuation of all or part of the funding for a subaward 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 TDEA to suspend or terminate the subaward in whole or in part on an immediate basis.
- Right of USAID to Supersede Contractor Decisions: Recognizing the paramount interest of the United States and USAID in grant-making, TDEA has agreed that USAID may, in its sole discretion, supersede any decision, act or omission taken by TDEA in respect of any subaward made by it, or proposed to be made by it, hereunder. Notwithstanding any other provision of this Manual and the prime contract, USAID retains the right, at all times hereunder, through the Contracting Officer, to (1) dictate a different decision with respect to the award or administration of any subaward; (2) rectify an omission by TDEA with respect to the award or administration of any subaward; (3) take over the administration of any subaward awarded hereunder; and/or (4) terminate, in whole or in part, the TDEA's authorities under this Contract.

If any of the above conditions exit, the matter will be brought on the agenda of GMC and after discussions; a recommendation for suspension or rehabilitation would be made. The COP will have the authority to suspend the subaward and the Grants Manager will communicate this decision to the subawardee by issuing a suspension notice. If termination of subaward is considered due to any of the instances stated above, it should only be undertaken after a full discussion with the PSC and with its written approval.

# Subawards Manual (September 2012)

**All legal notices related to suspension or termination must be vetted by the Compliance Team and Director of Finance & Grants Administration before submission to COP by the Grants Manager. Also, if a subcontractor [e.g., TAF] is implementing subawards on behalf of TDEA, the COP will instruct the subcontractor in writing to suspend the subaward rather than directly writing to the subawardee. Such subcontractor will comply with COP's instruction within three business days.**

## 17.8 Records to be Maintained

The Grants Manager ensures that the following documents are maintained in the subaward agreement file for each subaward:

- All GMC, PSC and USAID approvals.
- Subawardee Activity Completion Report and Subaward Activity Completion Certificate accepted by the Technical Manager and supported by a checklist of items required for closing out a subaward completed by Grants Officer
- Documented monitoring results (beneficiary selection; whether selected beneficiaries indeed participated in the activities; number of women who benefited from the project, etc.)
- Approved monitoring plan
- Documented verification of completion of milestones or results by the project technical staff
- Certification on completion of milestones or results submitted by the subawardee
- Signed copy of subaward agreement and any modifications thereto
- Negotiation memorandum
- All invoices bearing technical and financial approvals
- All invoice review documentation for the FOSA and SSA.
- Any waivers received for the subaward from USAID
- Calendar of reports due and when received
- All correspondence related to the subaward – internal and external.
- Audit and evaluation reports as applicable.
- List of equipment/ inventory with the subawardee
- Close out checklist

## 17.9 Dispute Resolution and Complaints

The subaward agreement delineates dispute resolution mechanism which needs to be followed for any contractual disputes. Besides that, TDEA's Whistleblower Policy will be followed for any complaints and issues which are required to be escalated to higher management level. Subawardees must be given orientation about these mechanisms of dispute resolution and complaints.

## 18. Subaward Close Out

The Subaward Activity Completion Certificate [Annex 23](#) officially terminates TDEA's involvement in the subaward activity and closes the subaward activity file. The Subaward Activity Completion Certificate is prepared only after the Subawardee Activity Completion Report [Annex 24](#) has been submitted by the subawardee, reviewed by the Subawards/Grants Officer, and accepted by the concerned Technical Manager.

The Grants Manager reviews the Subawardee Activity Completion Report using a checklist of items required for a proper close-out [Annex 25](#). Another checklist is provided in the same annex which is required to be completed by the subawardee to ensure a proper close out of the subaward.

## Subawards Manual (September 2012)

Explanation: It would be better to write an email or a letter to all subawardees before and upon completion of the grant asking them to send final outstanding documents and reports. Program team must also be consulted to ensure that there is no outstanding program report which needs to be mentioned in the email or letter. A template of such letter is attached in [Annex 25](#).

### 19. Exceptions to Competition Requirements

USAID will approve non-competitive awards based on one of the following exceptions (ADS 303.3.6.5):

- a. Follow-on subaward agreements and amendments – A follow-on subaward is a new agreement subsequent to the completion of an existing agreement for either the same activity or to further develop an existing subaward relationship. A follow-on subaward may be implemented through an amendment to an original subaward or as an entirely separate subaward. The follow-on exception cannot be used to continue a relationship with a subawardee that received a non-competitive subaward based on the Small Subaward exception.
- b. The justification should indicate why the benefits of continuing the subaward activity with the same subawardee exceed the benefits of a competitive process favored by Federal Law and Agency policy. Amendments which require justifications are those which, for example, extend the life of the subaward and simultaneously either increase the total amount of the subaward or change the PS/PD.
- c. Exclusive or predominant capability – Competition is not required when a subawardee is considered to have exclusive or predominant capability based on the following criteria:
  - Proprietary capability;
  - Specialized facilities or technical expertise; or
  - An existing and unique relationship with parties relevant to the Project (e.g., business sectors, local government, etc.) or beneficiaries.

The uniqueness of the proposed subawardee and how it applies to the supported activity must be described in sufficient detail. The justification must also describe what, if any, other options were explored. The exception may not be used to continue an ongoing relationship when the applicant developed the exclusive or predominant capability during performance of an award. In that case, justification should be prepared following the guidance for amendments and follow-on subaward agreements. The exception also may not be used to continue an ongoing relationship with a subawardee that received a non-competitive award based on the Small Subaward exception.

- d. Small subawards – These are subawards with an estimated total amount of \$250,000 or less and with a term of no more than one year. These awards may not be amended to either add funds beyond \$250,000 or extend the date beyond one year from the original date of the subaward. A justification must explain how the proposed subaward fits the exception.
- e. Limited competition – The COP, as directed by USAID, may authorize limited competition when it is necessary for reasons of efficiency. The written justification must describe in sufficient detail what other options were explored.
- f. Other exceptions – Specific blanket justifications for a particular purpose or period of time, for example, operational security.

## **Subawards Manual (September 2012)**

All non-competitive application, together with complete justifications, shall be submitted to PSC for their review and approval after the review by GMC and COP and Grants Manager and authorization by COP.



# Subawards Manual (September 2012)

## ANNEX 1 – Approval of Subawards Manual and Effective Date

Attached scanned copies of USAID approval and TDEA BOT approval.

1. Approval notification received from COR through email dated Monday October 17, 2011 1819 hrs.

# Subawards Manual (September 2012)



Date:

Ref:

Resolution No: bot7-03/2012-01  
Pages 1 of 1

The Seventh Meeting of the Board of Trustees of the Trust for Democratic Education and Accountability was held on March 25, 2012 at FAFEN-TDEA Secretariat, Islamabad.

The Board approved Sub-Awards Manual of the Trust for Democratic Education and Accountability. The Sub-Award Manual will replace the Sub-Grant Management Policy under Section 36 of the Compendium of Policies and Procedures.

The Sub Awards Manual is an integral part of this Resolution.

Fab-ul-Rahman Munir	Shafiq Sana	Mahnoor Munir	Muzammil Qureshi	Muhammad Iqbal	Asad Khan	Dr. Arshad Ali	Sadia Siddiqui
Secretary	Chairperson	Secretary New York	Secretary Islamabad	Secretary Karachi	Secretary Lahore	Secretary Peshawar	Secretary Rawalpindi

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## **Subawards Manual (September 2012)**

### ANNEX 2 – Terms of Reference of Project Steering Committee

Already approved by USAID  
(Click on the file to open)

## **Subawards Manual (September 2012)**

### ANNEX 3 – Terms of Reference of Grants Management Committee

(Click on the file to open)

### Terms of reference of Technical Review Committee/ Panel

(Click on the file to open)

## **Subawards Manual (September 2012)**

### ANNEX 4 – Memorandum of Understanding Template

(Click on the file to open)

## Subawards Manual (September 2012)

### ANNEX 5 – Request for Application and Other Solicitation Documents Templates

(Click on the file to open)

All RFAs and advertisements are subject to USAID approval.

Any income tax withholding on grant payments to be clarified by GT-AASR

# Subawards Manual (September 2012)

## ANNEX 6 – Subaward Application Form Template

Already a part of solicitation document

Concept Paper Application Template (Two Step Process)

Direct specific RFAs (One Step Process)

[Pre-award certifications](#)

[Sample Matrix of Familial Relationships](#)

(Click on the attached file to open)

## Subawards Manual (September 2012)

### ANNEX 7 – Evaluation Against Basic Criteria Template

**The objective is to document the initial screening in a structured manner so that results are mechanically available for technical short listing and there is documentary trail of the decision in the event of any audits and questions from PSC and USAID.**

(Click on the attached file to open)



## Subawards Manual (September 2012)

### ANNEX 8 – Technical Application Evaluation Template

**Each main criterion will need to be broken down into sub-criteria with allocation of marks from the total of the main criterion. The objective is to make a structured decision and documenting the same to the maximum extent possible. This will also support the Project's decisions in the event of any questions from PSC and USAID.**

**Please note that the criteria provided in the Subaward Manual are examples and therefore, content of each evaluation worksheet will follow the criteria provided in each solicitation document and the templates will need to be modified to accommodate that.**

(Click on the attached file to open)

## Subawards Manual (September 2012)

### ANNEX 9 – Financial Application Evaluation Template

**Please note that the criteria provided in the Subaward Manual are examples and therefore, content of each evaluation worksheet will follow the criteria provided in each solicitation document and the templates will need to be modified to accommodate that.**

(Click on the attached file to open)

# Subawards Manual (September 2012)

ANNEX 10 – Preaward Assessment: Desk Review Template

**ANNEX 10, 11 and 12 – Preaward Assessment: Toolkit by GT-AASR  
for Pre-award Assessments**

(Click on the attached file to open)

# Subawards Manual (September 2012)

ANNEX 11 – Preaward Assessment: Rapid Assessment Template

Being Developed by AASR

**Templates developed by AASR must include the minimum requirements of TDEA/TAF before grant making.**

(Click on the file to open)

# Subawards Manual (September 2012)

ANNEX 12 – Preaward Assessment: Detailed Assessment Template

Being Developed by AASR

**Templates developed by AASR must include the minimum requirements of TDEA/TAF before grant making.**

(Click on the attached file to open)

## Subawards Manual (September 2012)

### ANNEX 13 – Engagement Letter Template for Preaward Assessment

Please refer to the [Annex – 28](#), initial communications with the applicants. Those communications now contain the TOR of pre-award assessments and a list of documentation required.

Redundant files just for reference

Engagement Letter – Desk Review

(Only applicable if more documentation is required than what is already provided)

Engagement Letter – Rapid Assessment

Engagement Letter – Detailed Preaward Assessment

(Click on the file to open)

## Subawards Manual (September 2012)

### ANNEX 14 – Feedback Letter Template after Preaward Assessment

Made inactive due to revised approach of GT-AASR as they finalize the report with grantee internally.

However, TDEA will be conducting close out meetings with each applicant to close the pre-award process and finalize the pre and post award conditions if any. That meeting will determine the final outcome of negotiations regarding CAP and pre-award/ post award conditions.

Feedback Letter – Desktop Review

Feedback Letter – Rapid Assessment

Feedback Letter – Detailed Preaward Assessment

(Click on the file to open)

## Subawards Manual (September 2012)

### ANNEX 15 – Organizational Risk Assessment Tools

From Program Perspective

(Click on the file to open)



## Subawards Manual (September 2012)

### ANNEX 16 – Subawardee Capacity Development Action Plan Template

**Subawardee Capacity Action plan is the document which details the observations TDEA has made during the pre-award responsibility determination exercise, the improvements required and agreed points of action plan. The Subawardee will be required to report on the progress of items in the action plan as part of its quarterly narrative reports.**

Item	Observation	Agreed recommendation and action	Proposed completion date
1			
2			
3			
4			

## **Subawards Manual (September 2012)**

### **ANNEX 17 – Negotiation Memorandum Template**

(Click on the file to open)

## Subawards Manual (September 2012)

### ANNEX 18 – Subaward Agreement Template

As anticipated in the project, Subawarding function will be initially carried out by the Asia Foundation. Accordingly, the subaward agreement templates from the Asia Foundation are annexed with this manual. These include separate templates for grant and terms and conditions. The Fixed Price agreement templates will be used for FOSA while the Advance reimbursement/ Cost reimbursement templates will be used for SSA type subawards. The templates will be modified for “with” and “without” advance payment mechanism of funding.

A template for amendments/ modifications to existing subawards has also been included.

[\(Click on the file to open\)](#)

[\(Click on the file to open\)](#)

## **Subawards Manual (September 2012)**

### ANNEX 19 – Subawardee Financial Report Review Letter Template

(Click on the file to open)

## **Subawards Manual (September 2012)**

### **ANNEX 20 – On-Site Financial Monitoring Checklist Template**

(Click on the file to open)

## Subawards Manual (September 2012)

### ANNEX 21 – Programmatic Monitoring (in field) Checklist Template

Being Developed by Project M&E

(Click on the file to open)

## **Subawards Manual (September 2012)**

### ANNEX 22 – Subaward Amendment Review and Approval Form

(Click on the file to open)

## **Subawards Manual (September 2012)**

### **ANNEX 23 – Subaward Activity Completion Certificate**

(Click on the file to open)



## **Subawards Manual (September 2012)**

### **ANNEX 24 – Subaward Activity Completion Report Template (Internal)**

(Click on the file to open)

## **Subawards Manual (September 2012)**

### **ANNEX 25 – Subaward Close Out Checklist**

Subaward Close out checklist for TDEA/the Project

Subaward Close out checklist for Subawardee

Letter to subawardee for close out

(Click on the file to open)

# **Subawards Manual (September 2012)**

## **Annex 26 – Subaward Process Flowchart**

(Click on the file to open)

## Subawards Manual (September 2012)

### Annex 27 – Disclosure forms for Conflict of Interest

(Click on the file to open)

## Subawards Manual (September 2012)

### Annex 28 – Initial Communications with Shortlisted Applicants

(Click on the file to open)

## Subawards Manual (September 2012)

### Annex 29 – Specimen Checklist for Technical Review of Grant Applications

(Click on the file to open)

## Subawards Manual (September 2012)

### Annex 30 – Specimen Grant Application Approval Memo for USAID

(Click on the file to open)

## Subawards Manual (September 2012)

### Annex 31 – Specimen Agenda for post award orientation

Calling in CB team is must for their introduction with subawardee organizations

(Click on the file to open)



## Subawards Manual (September 2012)

### Annex 32 Quality Assurance Checklist for 3rd Party Conducted Pre and Post Award Assessments

(Click on the file to open)

Annex 33-35 are incorporated by reference.