

Southern Sudan
Agricultural Enterprise Finance Program

SOUTHERN SUDAN



Grants Manual

A USAID Program managed by Chemonics International Inc.
USAID Contract No. 623-C-00-02-00087-00
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I. INTRODUCTION

Chemonics International was awarded the Sudan Agriculture Enterprise Finance Program (AEFP) contract by the Regional Economic Development and Support Office for East and Southern Africa (REDSO/ESA) on September 30, 2002. Through this initiative, seeks to establish a viable, self sustaining microfinance institution (MFI) serving southern Sudan. AEFP will be instrumental in not only increasing food security, but also in job creation and poverty alleviation. The MFI will be customer-focused, charge fees (interest) sufficient to cover its operating costs. There will be many unique risks inherent in establishing such a financial institution in a post conflict environment and the program will factor into its approach measures to manage and mitigate those risks. The program office will be based in Nairobi, Kenya and satellite offices/branch banks will be located in southern Sudan starting in Year Two. This is a five year program active through September 2007.

Chemonics will coordinate with three main groups as part of this effort: southern Sudanese development and administrative authorities (SPLM/DATT and other agencies), REDSO/ESA and other U.S. Government organizations, and other implementing partners such as NGOs and the implementer of the Southern Sudan Agricultural Revitalization Program.

Our approach to implementation is based on several principles, which will serve to guide our work:

1. *Systematize access to credit* by building on what already exists and working with local micro-entrepreneurs and agribusinesses;
2. *Expand the access to capital* to a wide range of possible new borrowers, especially women;
3. *Maintain flexibility* and the willingness to adapt to changing circumstance;
4. *Have a client-driven focus* that knows the needs of the population the MFI is serving and develops products to meet those needs;
5. *Integrate international best practices* into all initiatives.

Project Mobilization

The project office will be based in Nairobi, Kenya and satellite offices/branch banks will be located in southern Sudan starting in Year Two. After needs assessment of target markets, identification of sites, awareness building of beneficiaries, and training of bank branch staff, lending will begin.

Expected Results

- Establishment of a viable, self-sustaining microfinance institution by the end of the fifth year
- 100% coverage of operating costs of administration and expendable supplies

- A minimum of three loan products available by the end of the fifth year
- At least 50 percent of the loans made to women
- At least 10 percent of loans made to reintegrated internally displaced persons (IDPs) and returned refugees.

The SUDAN AEF Grants Program is designed to fund activities that complement on-going SUDAN AEF activities and help achieve the project's intermediate results. Specifically, the SUDAN AEF Grants Program will provide support to acceptable activities in the area of microfinance.

II. DEFINITIONS

Applicant. An eligible organization applying for grant funding from the SUDAN AEF Program.

Application. A written document in form and substance conforming to the requirements of this Manual, which outlines in detail the procurement or activities being proposed by an Applicant for funding under the SUDAN AEF Grants Program.

Benchmarks. Key programmatic and financial targets that must be met to qualify for initial or subsequent disbursements of SUDAN AEF grant funds.

Beneficiary. A generic term referring to an entity that has been awarded funding under a Grant Agreement. Also referred to as "Grantee."

Chemonics International Inc. (Hereafter referred to as "Chemonics") The firm which holds the contract with REDSO/ESA for the SUDAN AEF Program and the legal principal who will enter into a legally binding grant agreement with Beneficiary agents.

Chief of Party (COP). The SUDAN AEF Chief of Party is the legal representative of Chemonics on SUDAN AEF in Sudan. In this respect, the Chief of Party approves the SUDAN AEF Grants Program strategy, terms of grants competition and chairs the SUDAN AEF Grant Selection Committee for all grant awards made under the Grants Program. The Chief of Party signs grant agreements and other financial instruments issued under the SUDAN AEF Grants Program. With assistance from the DCOP/microfinance specialist, the COP drafts grant documents, manages and monitors the grant process, and reviews and evaluates grant outputs.

Cognizant Technical Officer. (Hereinafter referred to as the "CTO"). The CTO is the REDSO/ESA official responsible for administration of the SUDAN AEF Program. The CTO will also receive any periodic reports provided by the COP or Office Manager detailing grants awarded, amounts disbursed, and current overall Grants Program status and maintains a substantial involvement in the grant process including concurrence with grant awards to Beneficiaries.

Regional Contracting Officer. (Hereinafter referred to as the “RCO”). The RCO is an employee of REDSO/ESA who also maintains substantial involvement in the Grant process and who has formally approved this Grant Management Manual for use under the SUDAN AEF Grants Program. The RCO will also approve all grant awards made through the Sudan AEF Program implemented by Chemonics.

Grant Application Form. A document filled and submitted by a potential Beneficiary specifying the Applicant’s goals and objectives as well as the proposed program that will be implemented using SUDAN AEF Grants Program funding. It therefore forms the primary source of information for evaluation of the prospective Beneficiary’s application.

Grantee. An eligible organization that has been awarded a grant under the SUDAN AEF Grants Program.

Grant Agreement. (Hereafter variously referred to as the “Agreement,” “Grant,” and/or the “Grant Agreement”). A legal instrument that governs allocation of funds and defines roles and responsibilities of the Beneficiary under the SUDAN AEF Grants Program.

SUDAN AEF Grants Selection Committee. (Hereinafter referred to as the “SGSC”). The SGSC consists of three voting members: The SUDAN AEF Chief of Party, Microfinance Specialist and the Operations/Logistics Manager. The Chief of Party will chair the SGSC. Committee meetings to review and approve applications will take place on an as-needed basis following the grant application deadline.

SUDAN AEF Program. (Hereinafter referred to as “SUDAN AEFP” or the “SUDAN AEF Program”). A five-year activity funded by the United States Agency for International Development and implemented by Chemonics International Inc.

REDSO/ESA. The regional mission of the United States Agency for International Development based in Nairobi, Kenya, which provides funds for the SUDAN AEF Program, approves the form and substance of this manual and approves beneficiaries under the Grants Program.

III. GRANTS

A. Solicitation and Application Process

The SUDAN AEF Program will solicit a grant application from the newly-formed microfinance institution (MFI) in Southern Sudan. Because of the nature of this program, only one applicant will be solicited, and a sole source award to this applicant is anticipated.

1. Grants Instruction Manual Issuance

The Microfinance Specialist shall formally issue the Applicant with a copy of the Grants Instruction Manual (Section B), which contains all necessary instructions and forms to apply for a Grant.

2. Grant Application Format

Applications for grants shall be in the format contained in Appendix A of the attached Grants Instruction Manual (Section B). Any application not conforming to the required format shall be returned to the Applicant.

3. Desk Appraisal of the Application

After completion of the application it will be sent to the MF specialist for review and assessment. The MF specialist will undertake a desk appraisal, which will focus on identifying whether the application fits within the objectives of the Sudan AEF (based on the selection criteria detailed in the grant application and falls under the focal areas. Proposals that meet these basic criteria will move on to the next stage of the application process. The MF specialist informs applicants whose papers have not passed the desk review in writing. If the proposals have potential and simply require some technical assistance, the MF specialist will assist the applicant in modifying the application to suit the guidelines, (where possible and practical) or contract technical assistance.

4. Technical and Management Appraisal – SGSC Meeting

After the initial desk review by the microfinance specialist, the SGSC reviewers shall meet to discuss the MF specialist's evaluation of the application against the following goals and objectives:

- Establishment of a viable, self-sustaining microfinance institution by the end of the grant period
- 100% coverage of operating costs of administration and expendable supplies by the end of the grant period

- A minimum of three loan products available by the end of the fourth year of operation
- At least 50 percent of the loans made to women
- At least 10 percent of loans made to reintegrated internally displaced persons (IDPs) and returned refugees.

The application will be scored using an evaluation criteria as in the grants application.

It is anticipated that the Sudan AEFP will work closely with the Grantee to achieve these goals.

5. Grant Recommendation and Approval Process

If the SGSC recommends the application for funding, it is then submitted by SUDAN AEFP to the REDSO/ESA RCO for approval. The Applicant will be informed by Agreement Transmittal Letter in the format specified in annex A-5 that funding has been approved, enclosing a Grant Agreement illustrated in Appendix C of the Grant Instruction Manual (section B), for Applicant review and signature.

6. Application Recommendation

Sudan AEFP will recommend an applicant to USAID for funding in the following manner:

- a. At the scheduled meeting the following individuals shall be present: A minimum of three members of the SGSC, including the SUDAN AEFP Chief of Party, the DCOP/Microfinance Specialist, and the Operations/Logistics Manager. The presence of all three members of the SGSC shall constitute a quorum for the purposes of voting, this meeting can be held remotely by telephone or radio if necessary. A majority of votes is required to either recommend or not recommend an application for approval by USAID.
- b. The DCOP/Microfinance Specialist shall prepare a Funding Approval Sheet illustrated in Annex A-3 that will be submitted to the SUDAN AEF Chief of Party to signify the decision on the Application under consideration.
- c. Following the evaluation by Sudan AEFP, the Chief of Party will send a letter of notification to REDSO/ESA as specified in Annex A-4 listing the recommended grant and the amount of funding provided to the grantee. RCO approval and CTO concurrence are required by Sudan AEFP to approve an Application for grant funding, and if such award is so approved, the DCOP/Microfinance Specialist in consultation with the

COP is authorized to draft the Grant Agreement illustrated in Appendix B of the Grants Instruction Manual (Section B).

- d. If any Application is returned as “not approved,” this will not prevent the Applicant from submitting a new application at some later date.
- e. Any SGSC member having a vested interest in a Grant Application before the committee shall excuse oneself from the selection process.
- f. The Operations Manager will draft an Agreement Transmittal Letter to the applicant as specified in Annex A-5 to serve as notification that its Application has been approved.

B. The Grant Agreement

During the process of finalizing the proposed Grant Agreement, the SUDAN AEFP DCOP/Microfinance Specialist or COP will meet with the Applicant to discuss the terms and conditions of the Agreement, relevant USAID and other US Government regulations, relevant SUDAN AEF Grants Program procedures, including but not limited to those relating to the disbursement of advances, and mutual expectations during grant implementation. This is to ensure full understanding on the part of both the Applicant and SUDAN AEF Program staff as to how implementation should proceed and to ensure that the agreement accurately reflects this understanding.

The DCOP/Microfinance Specialist will prepare the above-mentioned submission for the signature of the SUDAN AEFP Chief of Party. A copy of the proposed Grant Agreement would also be sent to the Applicant for perusal.

1. Execution of Grant Agreements

Upon receipt of the Grant Agreement from the Applicant, duly signed by the Applicant’s Agent, the SUDAN AEFP Chief of Party is authorized to sign the Grant Agreement on behalf of Chemonics. Originals of the signed Grant Agreement will then be sent to REDSO/ESA and the beneficiary for their files. Another original copy will be kept on file at the SUDAN AEFP office. This would conclude the SUDAN AEFP Grants Program application, evaluation, approval, and agreement process.

2. Terms and Conditions of Grant Agreements

The “Terms and Conditions” stipulated in the Grant Agreement executed between the Beneficiary and SUDAN AEFP are designed to ensure that the Beneficiary’s implementation, and SUDAN AEFP management are in full compliance with USAID and other U.S. Government policies and regulations. These “Terms and Conditions” generally are non-negotiable. In particular, the Standard Provisions must be strictly adhered to by both the Beneficiary and SUDAN AEFP. They will

govern the Beneficiary's implementation of its program, funding of that program, and resolution of any ambiguities, questions, or disputes that may arise in the course of that program.

C. **Management and Grant Implementation**

1. **General.** Upon the signing of a Grant Agreement, the Applicant, now understood to have become the Beneficiary, will begin implementation of its Grant Program according to the programmatic time frame agreed upon with SUDAN AEFP in the Grant Agreement.

The SUDAN AEFP will also begin to exercise its management responsibilities as follows:

- a. The SUDAN AEFP accountant will train the management and accounting staff of the MFI in grant accounting and reporting requirements. The AEFP accountant will develop accounting procedures for the grantee.
 - b. Support of the Beneficiary in implementation with periodic disbursements of funds against the performance benchmarks agreed to in the Grant Agreement;
 - c. Monitor the Beneficiary's performance with respect to implementation through a series of reports as provided for in the Grant Agreement;
 - c. Report to USAID/REDSO through quarterly performance reports on the overall status of the SUDAN AEF Grants Program with respect to funds disbursed, beneficiary performance, SUDAN AEFP results and other measures; and
 - d. Install and maintain a monitoring and evaluation system to track overall Grants Program activity and performance.
2. **Payment Methods.** Once a Grant Agreement has been signed by both parties, the COP will pass it, along with all supporting procurement documentation to the SUDAN AEFP Accountant. Upon her verification of the documents with the COP, the Accountant will effect the following payment procedures:
 - a. **Payment via Expense Reimbursement.** If the Grant Agreement calls for funds to be disbursed directly to the Beneficiary in the form of expense reimbursements, the SUDAN AEFP Accountant will prepare a check payable to the Beneficiary organization against presentation of bona fide receipts from vendors supplying goods and services approved under the Grant Agreement.
 - b. **Payment via Direct Vendor Payment.** If the Grant Agreement calls for funds to be paid in the form of direct payments to the vendor supplying goods and services approved under the Grant

Agreement, the SUDAN AEFP Accountant will prepare a check payable to the vendor(s) against a bona fide invoice, which invoice has been endorsed by the Beneficiary organization and stating that the goods and services have been received and accepted by the Beneficiary organization. In certain instances, advances or deposits may be called for to prompt action by a vendor. In such cases, such payments are authorized against documentation specified above.

- c. **Advance/Liquidation.** In this case, funds will be disbursed according to Optional Standard Provision 1. "Payment-Advance" included in Attachment 1, Annex 3 of the Proforma Grant Agreement and the following procedures:
- i. **Advance Request Forms.** Following the signing of a Grant Agreement, the DCOP/Microfinance Specialist shall prepare, for each agreement, a set of Advance Request and Reconciliation Worksheets based on the proforma worksheet specified in Annex A-6 and provide them to the Beneficiary for use in requesting advances.
 - ii. **Advance Request.** Fifteen days prior to the beginning of the month in which the advance of funds is required, the Beneficiary will submit to the Microfinance Specialist an Advance Request and Reconciliation Worksheet. The Advance request will be submitted with the Financial Report and shall include monthly budget projections for each month in the quarter with a detailed budget and workplan attached.

The required budget is the expression in financial terms of the activities the grant program proposes to undertake during the upcoming period and serves the following purposes:

- It projects the Beneficiary's overall funding needs for the coming period;
- It projects the portion of funding that is being requested from the SUDAN AEF Program;
- It indicates how requested funds will be used by line item; and
- It contributes to uniformity of financial reporting across all SUDAN AEFP grant activities.

In order to ensure that these purposes are indeed served, and that no double-billing or redundant financing occurs, the Beneficiary must present the budgets attached to the Advance Request and Reconciliation Worksheet in which it clearly distinguishes between SUDAN AEFP and non-SUDAN AEFP sources.

On each Advance Request and Reconciliation Worksheet, the Beneficiary must indicate in the appropriate space, the degree to which the agreed benchmarks have been accomplished.

iii. Verifying Advance Request and Reconciliation

Completeness. Upon receipt of an Advance Request and Reconciliation Worksheet as described above, the Operations Manager will verify that the request is complete in terms of benchmark indicators, attached budgetary information and signatures. The Microfinance Specialist will then forward the completed worksheet to the appropriate SUDAN AEFP COP for authorization of the advance. During program implementation, the Microfinance Specialist, in conjunction with other relevant SUDAN AEFP staff, will closely monitor monthly or quarterly financial information and progress reports to ensure funds are being used as agreed, and that Grants Program objectives are being met. Problems or impediments will be discussed with the Beneficiary in order to resolve them.

iv. Advance Authorization. The appropriate SUDAN AEFP staff (COP or microfinance specialist) will use the Advance Request and Reconciliation Worksheet to determine whether the Beneficiary is entitled to receive the advance requested. Authorization will normally be granted if the beneficiary has achieved at least 80% of the targeted benchmarks for the period, however the SUDAN AEFP COP may decide in exceptional circumstances merit either declining an advance where the 80% threshold has been achieved or authorizing an advance where the 80% threshold has not been achieved. In both of these exceptional cases, the SUDAN AEFP COP will document his decision by memo.

Beneficiary must also show liquidation of at least 75% of previous advance payment, before additional funds can be transferred. Liquidation of loan capital funds shall be backed up by detailed loan disbursement records showing the amount of each loan, borrower information, and date of disbursement. Liquidation of direct operating costs shall be backed by original receipts and signatures

v. Check Preparation. Once the Advance is authorized, the Advance Request and Reconciliation Worksheet with all supporting documentation will be passed to the SUDAN AEFP Accountant. Upon verification of the signatures of the Beneficiary's Agent and the SUDAN AEFP COP, the Sudan AEFP Accountant will fill in the final section of the Advance

Request and Reconciliation Worksheet and prepare a check for the advance. The Accountant will then present the check and all supporting documentation to the SUDAN AEFP Chief of Party for signature. Following signature by the Chief of Party, the SUDAN AEFP Accountant will ensure that the check is received by the Beneficiary, verifying the signature of the designated Beneficiary agent.

vi. **Non-Authorization of Advances.** In the event that the SUDAN AEF Program does not authorize an advance, whether for incompleteness of the request, failure to meet benchmarks, or for another reason, the Microfinance Specialist will explain the reason why the Advance has not been authorized and notify SSAEFI of the shortfall in reaching a benchmark. This will in turn require a written explanation by SSAEFI as to why the shortfall occurred, as well as a written statement from SSAEFI as to how it intends to make up for the shortfall. The process will also allow SSAEFI to notify Chemonics/USAID when and if it deems that future benchmarks will be impossible to reach for any reason. This notification will trigger a negotiation with SSAEFI, Chemonics, and USAID to (1) determine the merits of SSAEFI's claim that future benchmarks are not going to be possible, and (2) adjust [or not adjust] the benchmarks in the grant agreement through a grant modification, with USAID CTO approval, as necessary.

3. **Procurement Policy.** Whenever possible, SUDAN AEFP will procure certain items (e.g. commodities) directly for the beneficiary and provide such items to the Beneficiary as “in-kind assistance.” These items shall be funded separately from the grant agreement and its funds. All items in this category will have been identified in the Agreement and spelled out so roles and responsibilities are clearly defined. The Beneficiary is expected to establish and maintain a procurement system which is simple and efficient, and which complies with policies of the US Agency for International Development. A copy of USAID’s Optional Standard Provision 1, Procurement of Goods and Services for non-U.S., Non-Governmental Grantees is included in the Proforma Grant Agreement and should be understood by all Beneficiaries. This and other supplemental information is included in Attachment 1, Annex 3 of the Proforma Grant Agreement illustrated in Appendix B of the SUDAN AEF Grants Program Instruction Manual (Section B).
4. **Beneficiary Financial Management, Audits and Reporting Requirements.** The Beneficiary shall assume full responsibility for effective and proper administration of funds. The Sudan AEF Program reserves the right to audit the Beneficiary as described in Attachment 1, Annex 3 of the Proforma Grant Agreement illustrated in Appendix C of the Grants Program Instruction Manual (Section B). Chemonics retains responsibility for ensuring that USG funds are utilized in an effective and proper manner.

5. **Monitoring and Evaluation.** The SUDAN AEFP Microfinance Specialist will monitor and evaluate all grant activities for compliance with the terms and conditions of the Grant Agreement signed between the SUDAN AEF Program and the Beneficiary, including but not limited to the achievement of the benchmarks and objectives specified therein. In order to achieve this level of monitoring and evaluation, each beneficiary will accord the Sudan AEF Program a close working relationship.

The beneficiary is required to submit quarterly narrative and financial reports, as well as monthly and/or weekly reports on certain financial indicators, as detailed in the grant agreement, to the Sudan AEFP Microfinance Specialist. These reports are key to the transparency, accountability and responsibility that must be maintained for a mutually beneficial arrangement between the Sudan AEF Program and the Beneficiary to continue over the life of the program being funded. These reports are the chief management tools used by the Sudan AEF Program to allow AEFP to monitor the Beneficiary's program performance. The reports shall be summarized and submitted to REDSO/ESA on a quarterly basis within 30 days of the close of the quarter, as part of the AEFP quarterly reporting process.

The Sudan AEF Program reserves the right to contract with outside evaluators and auditors to perform audits and assessments of the Beneficiary's program implementation with respect to expenditures, results achieved, and other measures of performance.

The SUDAN AEFP staff members are responsible for verifying that reports are received on time, reviewing them for completeness, and monitoring progress against set benchmarks. If there are problems in Grant implementation, a report is incomplete, or Grant Program Benchmarks have not been met, Sudan AEFP will decide the appropriate action to be taken, including but not limited to cancellation of the Grant, a financial audit, and or legal action.

6. **Grant Agreement Modification or Termination.** Grants may be modified or terminated as per terms described in the Grant Agreement. All modifications which call for an increase in the total amount of the Grant funding must first be recommended by the SGSC and approved by the RCO, and the tabling of an Agreement Modification Notice in form and substance presented in Annex A-7. The Agreement Modification Notice is prepared by the Microfinance Specialist, and approved by the COP.

If the RCO approves the Agreement Modification Notice, the relevant modification is signed and incorporated into the relevant agreement of issuance.

D. Grant Completion

Within thirty days of the Grant Program completion date, the Beneficiary will submit a narrative Grant Completion Report to the SUDAN AEF Program, which will describe how the grant contributed to the objectives of the Beneficiary as detailed in the Application, and to the purpose and objectives of the Sudan AEF Program. Sudan AEF Program review and acceptance of this report will serve to close the grant file.

Grant Activity Completion Form. After the Microfinance Specialist has received and accepted the Grantee Completion Report, she will prepare the Grant Activity Completion Form in the format contained in Annex A-8 hereto. The report must be distributed to the SUDAN AEF COP for review. Prior to finalization of the form, the Microfinance Specialist must ensure that all details related to the grant activity have been resolved.

Once the Completion Form has been prepared, copies will be distributed to USAID, and a copy will be placed in the grant activity file to serve as a closure statement.

Annex A-1

GRANT APPLICATION

The following simple grant application format will be used to expedite the grant application, review and approval process:

- a) Name of Organization
- b) List of Organization's Principal Officers
- c) Brief Description of Organization's History and Capabilities

[Objectively verifiable information should be provided on the organization's origins, significant activities and accomplishments, with emphasis on past work that is consistent with Sudan AEF Program.]

- d) Proposed Objectives of Grant

[Objectives should be narrowly focused on the delivery of microfinance services.]

- e) Description of Proposed Activities

- f) Description of Expected Results

- a) [Results should be defined in terms of specific, observable performance indicators that can be objectively verified.]

To allow reasonable assessments of expected results, each performance indicator should have benchmark estimates of the conditions in the relevant project areas immediately preceding implementation of the grant.]

- g) Summary Implementation Plan

[A simple chart or matrix should summarize the major activities, including progress reporting.]

- h) Budget

[The expenses should be separated into the following categories:

- 1) Salaries/wages
- 2) Fringe Benefits
- 3) Equipment (items costing over \$200 and having a useful life of over one year, including computers, copiers, etc.)
- 4) Travel: plane, bus, taxi fares and per diem
- 5) Other Direct Costs: translations, communication costs, construction costs, office rent and maintenance, utilities, local transportation, bank charges, expendable supplies, etc.
- 6) Training
- 7) Loan Capital Funds

The budget should be summarized as follows:

Sudan AEFP Funds

1. Salaries
2. Fringe Benefits
3. Equipment
4. Travel
5. Other Direct Costs
6. Training
7. Loan Capital Funds
- Total

The Sudan AEF Grants Program is designed to fund operations of a microfinance organization in Southern Sudan.

Grant funds may be used to pay the local expenses related to the grantee's activities in the following categories:

- Salaries
- Fringe benefits
- Equipment
- In-country and regional travel, including transport costs and per diem
- Other direct costs, including construction, rent, office equipment and furniture, security, guard services, communications, bank charges, fuel, other materials
- Training;
- Any other allowable direct costs as may be approved by Sudan AEF Program COP.
- Loan Capital Funds

Applicants must submit a project description to the Sudan AEFP Microfinance Specialist containing the following information:

- The purpose and objectives of the organization and the proposed program;
- A general description of who will benefit from the proposed program;
- A description of who and how the program will be implemented as an integral part of the Applicant's Strategic Plan;
- An estimate of the total amount of Grants Program funding which would be required to implement the program

Grant Applications in the correct format must be submitted to the Sudan AEFP Grants Committee for review. Applications that pass the review must meet all of the following eight mandatory criteria.

MANDATORY REQUIREMENTS

1. Is the purpose of the activity (ies) specified in the Application consistent with USAID's South Sudan Food Security Strategic Objective and the Sudan AEF Program's objectives?

2. Is the Applicant an eligible organization as defined in the Sudan AEFP Grants Instruction Manual? Does it have the necessary OFAC license?
3. Does the proposed beneficiary have the organizational capability to successfully implement the activity (ies) specified in the Application?
4. Does the proposed beneficiary have the financial accounting system to adequately account (as per USAID regulations) for the funds that would be provided via the grant?
5. Does the activity (ies) have a realistic well thought out implementation plan with clearly defined objectives, expected results, and quantifiable target/benchmarks?
6. Is the activity (ies) budget realistic and in line with costs for similar projects in Southern Sudan?
7. Does the activity (ies) address issues of sustainability and replicability?
8. Does the proposed activity (ies) include women as project beneficiaries?

The Sudan AEF Grants Program is authorized in accordance with the U.S. Foreign Assistance Act and USAID Contract #623-C-00-02-00087-00.

For U.S. organizations, awards may not exceed \$25,000 per ADS Section 302.5.6 (a) (1) and will be administered in accordance with provisions contained within 22 CFR Part 226, OMB Circulars and the USAID Standard Provisions for U.S. non-Governmental Recipients.

For non-U.S. organizations, awards will be administered in accordance with provisions contained in ADS Section 302.5.6, "Grants Under Contracts" ADS Chapter 303, "Grants and Cooperative Agreements to non-Governmental Organizations and within the terms of the USAID Standard Provisions applicable to non-US, non-Governmental Recipients. Information on these provisions can be accessed through the USAID external website at www.info.usaid.gov "Business & Procurement" section. Per ADS Section 302.5.6 (f), Contractors are not authorized to execute Cooperative Agreements on USAID's behalf.

Applications shall be submitted by mail or in person to the Sudan AEFP Microfinance Specialist at:

Sudan AEF Program
P.O. Box 1325-00606
Sarit Centre
Nairobi, Kenya
E-mail: ikarimi@sudanfinance.org

Annex A-2

Application Approval/Non-Approval Letter

(Sudan AEF Program Letterhead)

Date *(date of letter)*

Mr./Ms. *(Name of Applicant's Authorized Signatory)*
(Name of Applicant Organization)
(Address of Applicant Organization)

Dear *(name of applicant contact person)*

I am writing in response to the Grant Application you submitted to the Sudan AEF Program on _____ requesting consideration for funding under the Grants Program.

After detailed review of your application, we must unfortunately inform you that your application has not been approved, for the following reason(s) (delete if not applicable):

- I. Application not in conformity with required format.
- II. Failure to meet specified mandatory requirements.

If you have any questions regarding this decision, please contact the Sudan AEF Microfinance Specialist.

Thank you for your interest in the Sudan AEF Program.

Sincerely,

Lief Doerring
Sudan AEF Chief of Party

Annex A-3

Sudan AEF Grants Funding Approval Sheet

Grant Approval Process

The Sudan AEF Program met today ____/____/____, to consider an Application for a Grant from _____. In connection with that application, Sudan AEFP confirms the following:

AEP Program Decision Recorded: **Approved** _____ **Not Approved** _____

Sudan AEFP Chief of Party's Signature: _____

REDSO/ESA Decision Recorded: **Approved** _____ **Not Approved** _____

RCO Signature: _____

CTO Concurrence: _____

Annex A-4

REDSO/ESA Notification Letter

(Sudan AEF Program Letterhead)

Date: _____

Mr. James Walsh
South Sudan AEF CTO
REDSO/ESA
Nairobi, Kenya

Dear Mr. Walsh,

This is to advise that the Sudan AEF Program Grants Selection Committee met on ____/
_____/ ____, 200__. At the meeting, the following grant proposals were approved:

<u>Grantee</u>	<u>Grant Title</u>	<u>Amount of Funding</u>
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Attached is/are the Sudan AEF Grants Funding Approval Sheet(s) together with Applications from each committee-approved Grantee. Please record your decision by signing each form and returning it to me.

Sincerely,

Lief Doerring
Sudan AEF Chief of Party

Annex A-5

Agreement Transmittal

(Sudan AEF Program Letterhead)

Date *(date of letter)*

Mr./Ms. *(Name of Beneficiary's Authorized Signatory)*

(Name of Beneficiary Organization)

(Address of Beneficiary Organization)

Dear *(name of prime contact at applicant organization)*

I am writing in response to the Application you submitted to the Sudan AEF Program on (date of application) requesting consideration for funding under the Grants Program.

We are pleased to inform you that your Application has been approved. The Grant Agreement which will govern Sudan AEF Program support for implementation of your proposed Program is attached for your signature. Please contact the Sudan AEF Microfinance Specialist to schedule a convenient date for signing.

Thank you for your commitment to the support for introducing microfinance services in Southern Sudan. The Sudan AEF program looks forward to working with you in this endeavor.

Sincerely,

Lief Doerring

Sudan AEF Chief of Party

Annex A-6

Advance Request and Reconciliation Worksheet

1. Beneficiary Name: _____
2. Program Name: _____
3. Grant Tracking No: _____
4. Advance Period: _____ to _____
5. Total Program Budget: _____

Items I-III are to be completed by the Beneficiary. This form must be accompanied by an authorized Financial Report in order to be processed.

I. Benchmarks Required for this Advance

	Target	Achieved	% Achieved
Benchmark 1* _____			
<hr/>			
Results:	_____	_____	_____
Benchmark 2* _____			
<hr/>			
Results:	_____	_____	_____
Benchmark 3* _____			
<hr/>			
Results:	_____	_____	_____

*Benchmarks to be determined with the beneficiary and included in the grant agreement terms

II. Advance Projections (Detailed Budget Attached)

Line Item	Month 1	Month 2	Month 3	Total Estimated Expenditure
A. Salaries				
B. Fringe benefits				
C. Equipment				
D. In-country and regional travel				

E. Other direct costs F. Training; G. Any other allowable direct costs as may be approved by Sudan AEF Project COP. <i>(Provide Detail)</i> 1. 2. 3. 4.				
H. Loan Capital				
TOTAL				

III. Reconciliation Worksheet

Worksheet No.: _____

	USD	USD
1. Estimated advance request (Total from Above):		_____
2. Previous advance:	_____	
3. Interest earned:	_____	
4. Total funds available to-date (2+3)	_____	
5. Expenditures last period (Financial report)*	_____	
6. Ending cash on hand (4-5)		_____
7. Total amount of advance (1-6)		_____

* The Beneficiary shall submit the original and one copy of a Financial Report and related disbursement documentation discussed below to the Microfinance Specialist liquidating the amount of the last advance on a monthly/quarterly basis. The financial report shall include the following if applicable: a request for advance, general project expenses ledger, copies of bona fide receipts, timesheets for project staff, and inventory records.

BENEFICIARY CERTIFICATION: I certify that to the best of my knowledge and belief, the data reported above and the attached monthly financial statements are correct and that this request and our subcontract are in full compliance with the terms and conditions of the agreement between ourselves and Chemonics.

Signature: _____

Items IV-V are for Sudan AEF Program use.

IV. SUDAN AEF PROGRAM APPROVAL

Sudan AEFP COP: _____ Date: _____

Sudan AEFP Microfinance Specialist: _____ Date: _____

SUDAN AEFP ACCOUNTING INFORMATION

Amount of Advance: _____

Date of Issue: _____

Cheque No: _____

Total Program Budget: _____

Grant Funds Disbursed to-date: _____

Grant Funds Remaining: _____

Sudan AEFP Accountant: _____ Date: _____

Annex A-7

Agreement Modification Notice

Grant Agreement Modification Approval Process

The Sudan AEF Program met today, ____/____/____, to consider modification of a Grant Agreement entered into with

Approval granted on ____/____/____ .

Sudan AEFP hereby confirms:

1. That after modification as recommended below, the referenced Grant Agreement will continue to be consistent with all Sudan AEF Program objectives;
2. That Sudan AEF program hereby recommends that REDSO/ESA CTO approve that the referenced Grant Agreement amount be increased/decreased by US Dollars _____ to a new total amount of US Dollars _____

Sudan AEFP's Microfinance Specialist Signature: _____

Committee Decision Recorded: Approved _____ Not Approved _____

Sudan AEFP Chief of Party's Signature: _____

REDSO/USAID Decision: Approved _____ Not Approved _____

RCO Approval and Signature: _____

CTO Concurrence: _____

Appendix A-8

Grant Activity Completion Form

1. Beneficiary's Name:
2. Beneficiary's Address:
3. Beneficiary's Telephone: Fax:
4. Beneficiary's Authorized Agent: Title:
5. Grant Program Title:
6. Grant Tracking Number:
7. Final Budget Reconciliation
 - a. Total Grant Amount:
 - b. Total Grant Funds Expended:
8. Microfinance Specialist's Report Attached (see note below)? Yes No
9. Beneficiary's Completion Report Attached? Yes No

Approved Amount of Grant:

Amount Disbursed:
(Copy of Expense Report)

Signature: _____ Date: _____
Microfinance Specialist

Note: The Microfinance Specialist's report must include the following information:

- I. Program Achievements and Relevance to Sudan AEFPP's Purpose;
- II. Assessment of Implementation Process and Lessons Learned
- III. Follow-on activities under consideration

Sudan AEF Program Grants Program

Section B

Instruction Manual

USAID Program managed by Chemonics International Inc.
USAID Contract No. 623-C-00-02-00087-00
August 2003

A. Introduction

Chemonics International was awarded the Sudan Agriculture Enterprise Finance Program (AEFP) contract by USAID on September 30, 2002. Through this program, USAID seeks to establish a viable, self sustaining microfinance institution (MFI) serving southern Sudan. AEFP will be instrumental in not only increasing food security, but also in job creation and poverty alleviation. The MFI will be customer-focused, charge fees (interest) sufficient to cover its operating costs. There will be many unique risks inherent in establishing such a financial institution in a post conflict environment and the program will factor into its approach measures to manage and mitigate those risks. The program office will be based in Nairobi, Kenya and satellite offices/branch banks will be located in southern Sudan starting in Year Two. This is a five year initiative active through September 2007.

Chemonics will coordinate with three main groups as part of this effort: southern Sudanese development and administrative authorities (SPLM/DATT and other agencies), USAID and other U.S. Government organizations, and other implementing partners such as NGOs and the implementer of the Southern Sudan Agricultural Revitalization Program (SSARP).

Our approach to implementation is based on several principles, which will serve to guide our work:

1. *Systematize access to credit* by building on what already exists and working with local micro-entrepreneurs and agribusinesses;
2. *Expand the access to capital* to a wide range of possible new borrowers, especially women;
3. *Maintain flexibility* and the willingness to adapt to changing circumstance;
4. *Have a client-driven focus* that knows the needs of the population the MFI is serving and develops products to meet those needs;
5. *Integrate international best practices* into all initiatives.

Expected Results

- Establishment of a viable, self-sustaining microfinance institution by the end of the fifth year
- \$3 million in outstanding loans by the end of the fifth year
- 100% coverage of operating costs of administration and expendable supplies
- A minimum of three loan products available by the end of the fifth year
- At least 50 percent of the loans made to women
- At least 10 percent of loans made to reintegrated internally displaced persons (IDPs) and refugees.

The SUDAN AEF Grants Program is designed to fund activities that complement on-going SUDAN AEF Program activities and help achieve the program's results. Specifically, the SUDAN AEF Grants Program will provide support to acceptable

activities in the area of microfinance. Grant assistance may be provided to organizations that meet SUDAN AEF's selection criteria and will contribute to program results.

B. The Grants Program

- 1. Eligibility Requirements.** To be eligible for funding under the SUDAN AEF Grants Program, the Applicant must be a microfinance institution operating in and serving areas of Southern Sudan.

- 2. Eligible Activities.** Funding under SUDAN AEF's Grants Program shall be used to pay the local expenses related to the grantee's activities in the following categories:
 - Salaries
 - Direct Fringe Benefits
 - Equipment
 - In-country and regional travel, including transport costs and per diem
 - Other direct costs, including construction, rent, office equipment and furniture, security, guard services, communications, bank charges, fuel, other materials
 - Training
 - International air travel
 - Any other allowable direct costs as may be approved by Sudan AEF Program COP.
 - Loan Capital

- 3. Ineligible Activities and Unallowable Costs.** Funding under SUDAN AEF Grants Program shall **NOT** be used to finance:
 - Creation of endowments;
 - Indirect expenses of the Beneficiary;
 - Any Beneficiary headquarters expenses that are not directly linked to implementation of the proposed project;
 - Expenses of any training programs other than those integral to achievement of the targets specified in the proposed project;
 - Any expenses related to ceremonies, parties, and celebrations;
 - The purchase of goods restricted and prohibited under USAID regulations;
 - Purchase of surveillance equipment, military equipment or arms whether new or surplus, police or law enforcement equipment, abortion equipment and services, weather modification equipment, luxury goods and gambling equipment;
 - Purchase of goods which originate from Cuba, Vietnam, North Korea, Cambodia/Kampuchea and other countries or suppliers as may be

identified by USAID's consolidated list of debarred, suspended or ineligible sub-contractors;

- Any purchases or activities unnecessary to accomplish purposes of any project funding that may be approved;
- Any previous obligations by USAID to the Beneficiary;
- The bad debts of the Beneficiary;
- Fines imposed on the Beneficiary; and
- Penalties imposed on the Beneficiary.

4. Size of Grants. The size of individual grants shall vary from activity to activity.

5. The Grant Application/Implementation Process. Applications for Grants may occur as follows:

Application Stage. Please note that during this stage, all Applicants must submit an electronic version containing the Program description with clearly defined project goals/benchmarks and the budget including cost share figures. **ALL** Applicants must submit an Application to the SUDAN AEF Microfinance Specialist using the following format:

- A cover letter and other documents as may be necessary to clearly demonstrate that your organization meets the Conditions Precedent specified in B below; and
- A Grant Application Form in the format illustrated in Appendix A of this manual, including the specified attachments.

Conditions Precedent Verification. In order for your organization's Application to be evaluated it must be accompanied by a cover letter and other supporting documentation (board resolution, articles of incorporation, etc.) as may be necessary to clearly demonstrate that it meets the following Conditions Precedent to Application Evaluation:

- That your organization is an eligible organization as defined in the section entitled "Eligibility Requirements" above and that it is legally constituted under South Sudanese law or is in the process of obtaining such legal status through formal registration;
- That your organization has the managerial commitment, as evidenced by written board of directors resolutions, to approve and authorize the implementation of the program described in the Grant Application Form submitted with the application;
- That your organization has received a copy of this Instruction Manual and that your organization management has read and understood its contents;
- That your organization has attached to the cover letter a filled Grant Application Form which outlines in as much detail as possible the

- program that your organization intends to implement using the grant funding;
- That the proposed period of funding in the application does not exceed the life of the SUDAN AEF Program currently ending September 29, 2007.

If your organization and your Application do not fully satisfy the Conditions Precedent, the Application will be returned to the Applicant by letter. No further processing of the application will be undertaken. However, if at some later date your organization can fully satisfy the Conditions Precedent, an entirely new application may be submitted.

Application Evaluation. After the initial Application review, the Sudan AEF program will score your application against the evaluation criteria. A decision will be made whether or not to recommend funding. Your application should, therefore, be made with all these evaluation criteria in mind. Should the South Sudan AEF Program determine that the Application needs to be revised, it will be returned to the Applicant for revision. Once the necessary revisions are made, the Application will be reviewed again. If the Applicant does not make the necessary changes, the Application process will end.

Notice of Approval/Non-Approval. If the South Sudan AEF Program does not recommend your application for approval or if USAID does not approve it, you will be notified in writing. If the Application is approved, you will be informed by letter together with a draft Grant Agreement in the format contained in Appendix C with required attachments for your review and signature. An electronic copy of the Beneficiary's projected quarterly or monthly disbursement needs, in the format provided in Attachment 1, Annex 1 will be submitted along with the signed Grant Agreement.

6. Grant Implementation and Payment

Once a Grant Agreement has been signed by both parties, the COP will pass it, along with all supporting procurement documentation to the SUDAN AEF Accountant. Upon her verification of the documents with the COP, the Accountant will effect the following payment procedures:

- a. Payment via Expense Reimbursement.** If the Grant Agreement calls for funds to be disbursed directly to the Beneficiary in the form of expense reimbursements, the SUDAN AEF Accountant will prepare a check payable to the Beneficiary organization against presentation of bona fide receipts from vendors supplying goods and services approved under the Grant Agreement.
- b. Payment via Direct Vendor Payment.** If the Grant Agreement calls for funds to be paid in the form of direct payments to the vendor supplying goods and services approved under the Grant Agreement, the SUDAN AEF

Accountant will prepare a check payable to the vendor(s) against a bona fide invoice, which invoice has been endorsed by the Beneficiary organization and stating that the goods and services have been received and accepted by the Beneficiary organization. In certain instances, advances or deposits may be called for to prompt action by a vendor. In such cases, such payments are authorized against documentation specified above.

- c. **Advance/Liquidation.** In this case, funds will be disbursed according to Optional Standard Provision 1. “Payment-Advance” included in Attachment 1, Annex 3 of the Proforma Grant Agreement and the following procedures:
- i. **Advance Request Forms.** Following the signing of a Grant Agreement, the DCOP/Microfinance Specialist shall prepare, for each agreement, a set of Advance Request and Reconciliation Worksheets based on the proforma worksheet specified in Annex A-6 and provide them to the Beneficiary for use in requesting advances.
- ii. **Advance Request.** Fifteen days prior to the beginning of the month in which the advance of funds is required, the Beneficiary will submit to the Microfinance Specialist an Advance Request and Reconciliation Worksheet. The Advance request will be submitted with the Financial Report and shall include monthly budget projections for each month in the quarter with a detailed budget and workplan attached.

The required budget is the expression in financial terms of the activities the grant program proposes to undertake during the upcoming period and serves the following purposes:

- It projects the Beneficiary’s overall funding needs for the coming period;
- It projects the portion of funding that is being requested from the SUDAN AEF Program;
- It indicates how requested funds will be used by line item; and
- It contributes to uniformity of financial reporting across all SUDAN AEF grant activities.

In order to ensure that these purposes are indeed served, and that no double-billing or redundant financing occurs, the Beneficiary must present the budgets attached to the Advance Request and Reconciliation Worksheet in which it clearly distinguishes between SUDAN AEF and non-SUDAN AEF sources.

On each Advance Request and Reconciliation Worksheet, the Beneficiary must indicate in the appropriate space, the degree to which the agreed benchmarks have been accomplished.

iii. Verifying Advance Request and Reconciliation Completeness. Upon receipt of an Advance Request and Reconciliation Worksheet as described above, the Operations Manager will verify that the request is complete in terms of benchmark indicators, attached budgetary information and signatures. The Microfinance Specialist will then forward the completed worksheet to the appropriate SUDAN AEFP COP for authorization of the advance. During program implementation, the Microfinance Specialist, in conjunction with other relevant SUDAN AEFP staff, will closely monitor monthly or quarterly financial information and progress reports to ensure funds are being used as agreed, and that Grants Program objectives are being met. Problems or impediments will be discussed with the Beneficiary in order to resolve them.

iv. Advance Authorization. The appropriate SUDAN AEFP staff (COP or microfinance specialist) will use the Advance Request and Reconciliation Worksheet to determine whether the Beneficiary is entitled to receive the advance requested. Authorization will normally be granted if the beneficiary has achieved at least 80% of the targeted benchmarks for the period, however the SUDAN AEFP COP may decide in exceptional circumstances merit either declining an advance where the 80% threshold has been achieved or authorizing an advance where the 80% threshold has not been achieved. In both of these exceptional cases, the SUDAN AEFP COP will document his decision by memo.

Beneficiary must also show liquidation of at least 75% of previous advance payment, before additional funds can be transferred. Liquidation of loan capital funds shall be backed up by detailed loan disbursement records showing the amount of each loan, borrower information, and date of disbursement. Liquidation of direct operating costs shall be backed by original receipts and signatures

v. Check Preparation. Once the Advance is authorized, the Advance Request and Reconciliation Worksheet with all supporting documentation will be passed to the SUDAN AEFP Accountant. Upon verification of the signatures of the Beneficiary's Agent and the SUDAN AEFP COP, the Sudan AEFP Accountant will fill in the final section of the Advance Request and Reconciliation Worksheet and prepare a check for the advance. The Accountant will then present the check and all supporting documentation to the SUDAN AEFP Chief of Party for signature. Following signature by the Chief of Party, the SUDAN AEFP Accountant will ensure that the check is received by the Beneficiary, verifying the signature of the designated Beneficiary agent.

vi. Non-Authorization of Advances. In the event that the SUDAN AEF Program does not authorize an advance, whether for incompleteness of the request, failure to meet benchmarks, or for another reason, a letter to the

Beneficiary will be written by the Microfinance Specialist which will explain the reason why the Advance has not been authorized.

- d. Grant Completion Report.** Under the terms of the Grant Agreement, within ninety days after completion of the grant activities, you will be required to submit a Grant Completion Report to the Microfinance Specialist. The report will include the following sections: a summary of the activity objectives and achievements, a summary of the activity implementation process, lessons learned and recommendations, a description of the public dissemination process, and a discussion of how SUDAN AEF Grants Program funding contributed to the objectives of your organization or program and to the purpose and objectives of the SUDAN AEF Program. Sudan AEF's review and acceptance of this report will serve to close the grant file.

SUDAN AEF or USAID will further monitor your operation for a period of up to 2 years to assess program impact on production, value, employment etc. With the specific approval of the REDSO/ESA Contracting Office, SUDAN AEF will also formally hand over all capital items, if any, to beneficiaries if such items have continued to be utilized in furtherance of the plan outlined in the Grant Application Form. Otherwise, any time during the course of the grant or the subsequent two-year post-grant period, SUDAN AEF and USAID reserve the right to repossess redundant capital items that were procured with grant funds.

Appendix A

**Sudan AEF Grants Program
Grant Application Form**

Name of Organization

Mailing Address

Physical Location

Phone _____ Fax _____ E-mail _____

Organization Contact Person

Year Registered _____

Type of Organization: _____ For Profit _____ Non-Profit

Ownership: _____ Private _____ Association _____ Other
(Explain)

Organizational Structure: Government ____ Private ____ Society ____ Club ____
Association ____ Professional Organization ____ Other _____

Fiscal year: _____ (for your accounting purposes)

Accounting System in Place? ____ Yes ____ No (if yes, name of system)
_____. Is it
computerized? ____ Yes ____ No. If so, software used

Are financials attached? ____ Yes ____ No; Most recent three years
requested)

Number of Members/Employees: _____; _____ Female _____ Male

Are Organizational Chart/Articles of Incorporation attached? ____ Yes ____ No

Is the business plan attached? ____ Yes ____ No

Mission and/or Objective of the Organization

Proposed Activity to be funded

Objective(s) of Proposed Project Activity

Outline any environmental impacts/mitigating measures to be followed

Describe what is needed from the Sudan AEF Program

Value of Grant Request in US Dollars (attach one page budget summary with detailed budget notes and proforma invoices if available)

Scheduled Start Date _____

Scheduled Completion Date _____

Describe how your organization will measure the success of this proposed Activity

Submitted by

Date

Appendix B

SUDAN AGRICULTURAL ENTERPRISE FINANCE PROGRAM (AEFP)

GRANT AGREEMENT

This grant agreement, hereinafter referred to as the "Agreement," is made and entered on the effective date specified below between the following parties:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX, hereinafter referred to as the "Beneficiary", of P.O. Box XXXXXXXXXXXXXXXXXXXX, _____, Telephone XXXXXXXX, Fax XXXXXXXX, and represented herein by _____ as a duly authorized Agent

AND

Chemonics International Inc., hereinafter referred to as "Chemonics," of 1133 20th Street, N.W., Suite 600, Washington, DC, 20036 USA, Telephone 1-202-955-3300, Fax 1-202-955-7550, represented herein by Lief Doerring as duly authorized Agent, c/o Sudan AEF Program, P.O. Box 1325-00606, Sarit Centre, Nairobi, Kenya, Telephone _____, Fax _____.

WITNESSETH

The Sudan AEF Program, a 5-year micro-financial services program financed by the United States Agency for International Development (USAID) is being implemented by Chemonics. The Sudan AEF Program manages a Grants Program, through which certain activities of eligible organizations are funded using grants. The Beneficiary is an eligible organization that has been awarded a grant under the Grants Program based on an application that met the evaluation criteria specified by the Sudan AEF Program. All actions of both parties with respect to that grant shall be governed by the terms and conditions set forth herein, including the attachments hereto. These terms and conditions have been agreed to by both parties as evidenced by signatures of their authorized agents below.

THE SCHEDULE: TERMS AND CONDITIONS

1. **Authority of Agents.** Each party hereby covenants to the other that the above named fully authorized Agents who have signed on behalf of each party below each have unrestricted and sole authority to represent their respective organizations in all matters related to this Grant Agreement.

2. **Order of Precedence of Incorporated Documents.** The following documents, hereinafter referred to as "Incorporated Documents", are hereby agreed to be an integral part of this Agreement.
 - a. The Schedule
 - b. USAID ADS 303
 - c. Program Description (including Annexes)
 - d. Standard Provisions

In the event that Chemonics should determine that there exists a conflict of intent or interpretation between any sections of this Agreement and any section of Incorporated Documents, the order of precedence shall be: First, the Schedule; second, USAID ADS 303, third, the Standard Provisions, and fourth, the Program Description, including its Annexes.

3. Grant Title and Tracking Number. Activities of the Beneficiary for which the grant funding governed by this Agreement will be used shall be entitled _____ Grants Program, which title shall be referenced along with the following Grant Tracking Number: SUDAN AEFPP-GP-00X, in all future correspondence between the parties.

4. Period of the Grant. The period of the grant shall begin on (_____, 2003) and unless otherwise modified in writing, the grant shall be completed by (_____, 2007), hereinafter referred to as the "Grant Completion Date." Alternatively, a single year grant with additional option years may be considered. It is hereby agreed that all activities financed with grant funds under this Agreement will be completed and cease on the specified Grant Completion Date unless Chemonics, subject to USAID approval, provides an extension in writing prior to the specified Grant Completion Date.

5. Approved Total Grant Funding, and Obligated Amount.

The approved total grant funding, hereinafter referred to as "Approved Total Grant Funding," shall be in the amount of up to US\$ _____ which amount shall not be exceeded unless subsequently modified in writing by Chemonics. The Beneficiary agrees to contribute US\$ _____ to the total program cost of US\$ _____. This grant is being incrementally funded. The initial funding obligated is US\$ _____. The initial obligation is intended to fund the first XX months of the grant activity.

The following is the Agreement Budget:

(INSERT BUDGET)

1. Revisions to this budget shall be made in accordance with the Standard Provision entitled "Revision of Grant Budget." The Recipient shall not transfer funds from one Cost Category to another, unless written approval is granted by the Sudan AEFPP Chief of Party.

2. Funds obligated, but not disbursed to the Recipient by Chemonics at the expiration or termination of the Period of Agreement shall revert to Chemonics, unless such funds have been encumbered by the Recipient via a legally binding transaction applicable to this Agreement. Any funds advanced to, but not expended or encumbered shall be refunded to Chemonics at the expiration or termination of this Agreement.

6. Allowable Costs. The Beneficiary shall not be reimbursed for expenditures incurred which are in excess of the obligated funding. Disbursement of funds to the Beneficiary shall be in accordance with the Grant Expenditure Schedule in Attachment 1, Annex 1 hereto. The Beneficiary may receive an initial advance of funds and monthly replenishment for Allowable Costs and only for allowable costs, as per the Grant Expenditure Schedule. However, this is not the case for cost reimbursement grants. Requests for advances shall be submitted using the Advance Request and Reconciliation Worksheet specified in Attachment 1, Annex 2. The following is a list of unallowable costs:

- Creation of endowments;
- Indirect expenses of the Beneficiary
- Any Beneficiary headquarters expenses that are not directly linked to implementation of the proposed project;
- Costs of any training programs other than those integral to achievement of the targets specified in the proposed project;
- Any expenses related to ceremonies, parties, and celebrations;
- The purchase of goods restricted and prohibited under USAID regulations;
- The purchase of surveillance equipment, military equipment or arms, police or law enforcement equipment, abortion equipment and services, weather modification equipment, luxury goods and gambling equipment;
- The purchase of goods originating from Cuba, Vietnam, North Korea, Cambodia/Kampuchea, and other countries or suppliers as may be identified by USAID's consolidated list of debarred, suspended or ineligible sub-contractors;
- Any purchases or activities unnecessary to accomplish purposes of any project funding that may be approved;
- Any previous obligations by USAID to the Beneficiary;
- The bad debts of the Beneficiary;
- Fines imposed on the Beneficiary; and
- Penalties imposed on the Beneficiary.

7. Grant Expenditure Schedule. The quarterly schedule of expenses illustrated in Attachment 1, Annex 1 hereto, herein referred to as the "Grant Expenditure Schedule", has been derived from the Beneficiary's Application Form and has been mutually agreed between the parties. It lists the categories of Allowable Costs permitted for reimbursement under this Agreement. Chemonics will make its best efforts to provide written disbursement procedures and a schedule to the Beneficiary within 30 days following the date of signature of this grant agreement.

8. Objective of Grant. The objective of this grant is to support the establishment and operating costs for a microfinance organization, and which are more specifically described in the Beneficiary's Program Description which was the basis for approval of this grant, and is included in Attachment 1.

The Beneficiary hereby agrees that all funding disbursed under this Agreement shall be used exclusively towards activities that are described in Beneficiary's application upon which this agreement has been approved. The Beneficiary further covenants that those activities are required to achieve the objectives of its program, of which, the objectives must have been consistent with those of the Sudan AEF Program and its Grants Program in order for this Agreement to receive approval. Furthermore, if at any time the Beneficiary should determine that achievement of the objectives described in its application are no longer reasonably feasible, for any reason, the Beneficiary's Agent hereby agrees to notify Chemonics in writing in a timely manner.

9. Rights of Visitation and Inspection. In accordance with Mandatory Standard Provision 2, Accounting, Audit and Records, the Beneficiary hereby grants Chemonics and its designated Advisor(s)/Auditor(s) the right of direct and unrestricted access to any Beneficiary offices and activity sites which are involved with implementation of activities which have been paid for in part or in full using funds disbursed under this Agreement and the right of direct and unrestricted access to all of the Beneficiary's financial records, reports and supporting documentation related to funds disbursed under this Agreement.

10. Beneficiary Fiduciary Responsibilities. In accordance with Mandatory Standard Provision 2, the Beneficiary hereby accepts full responsibility for:

- a. Establishment of a separate and segregated financial accounting system, which will effectively and properly record and report the deposit and expenditure of all funds disbursed under this Agreement. For purposes of control and review this may be a simple dual entry ledger and journal system that meets generally accepted accounting standards and the financial control requirements specified in Attachment 1, Annex 1;
- b. Expenditure of all funds disbursed under this Agreement only for Allowable Costs as described in this Agreement;
- c. Accurate accounting for all funds disbursed under this Agreement as per guidelines established by USAID; and
- d. Full, transparent, accountable, and responsible reporting to the SUDAN AEF Program of all funds disbursed under this Agreement according to the financial and program reporting requirements specified in Attachment 1, Annex 4 hereof.

The Beneficiary hereby acknowledges its understanding that SUDAN AEF Program is prepared to provide the Beneficiary with the resources to establish the above mentioned systems; that prior to the disbursement of any funds under this Agreement, the SUDAN AEF Program will determine what steps, if any, are necessary to bring the Beneficiary's administrative and financial systems into full compliance with USAID accountability and reporting requirements; and that based on that determination, the Beneficiary must adopt and implement the systems recommended by the SUDAN AEF Program as necessary to exercise effective control over, and accountability for, funds, property and other non-expendable program assets funded under this Agreement.

The Beneficiary hereby acknowledges that its failure to fully execute the above mentioned responsibilities will result in Chemonics requesting the refund to Chemonics of funds disbursed under this Agreement and the Beneficiary hereby promises to make such refunds if requested by Chemonics.

The Beneficiary hereby acknowledges that its failure to fully execute the above mentioned responsibilities, will result in the termination of this Agreement by Chemonics and could result in the Beneficiary being denied further funding from Chemonics and may result in legal proceedings, all at the cost of the Beneficiary.

11. Accounting Systems and Control. In accordance with Mandatory Standard Provision 2, the Beneficiary hereby agrees to establish the systems of accounting and financial control specified in Attachment 1, Annex 3 hereto including, but not limited to, the separate, special bank account for the purpose of depositing and expending the funds disbursed to the Beneficiary under this Agreement. No other funding shall be deposited into this account except the minimum amount required to open the account and no expenditures shall be paid for from this account which are not for Allowable Costs under this Agreement. Names and titles of those

Beneficiary employees having signing authority over this bank account shall be provided to Chemonics by the Beneficiary upon the opening of the account.

12. Reporting Requirements. The Beneficiary hereby agrees that it will follow the financial programs special reporting requirements outlined in Attachment 1, Annex 4 hereto.

13. Grant Disbursement Procedures. The Beneficiary will be reimbursed for Allowable Costs incurred during the duration of the grant in the following manner:

a. Payment via Expense Reimbursement. If the Grant Agreement calls for funds to be disbursed directly to the Beneficiary in the form of expense reimbursements, the SUDAN AEFP Accountant will prepare a check or wire transfer payable to the Beneficiary organization against presentation of bona fide receipts from the vendor supplying goods and services approved under the Grant Agreement.

b. Payment via Direct Vendor Payment. If the Grant Agreement calls for funds to be paid in the form of direct payments to the vendor supplying goods and services approved under the Grant Agreement, the SUDAN AEFP Accountant will prepare a check payable to the vendor(s) against a bona fide invoice which invoice has been endorsed by the Beneficiary organization and to which a statement signed by the Beneficiary organization stating that the goods and services have been received by the Beneficiary is attached. In certain instances, advances or deposits may be called for to prompt action by a vendor. In such cases, such payments are authorized against the documentation specified above; and/or

c. Direct Procurement by Sudan AEF Program. Whenever possible, Chemonics will procure certain items (e.g. commodities) directly and provide them to the Beneficiary as “in-kind assistance” outside the cost of the Grant Budget. All items in this category will be identified in the Agreement and spelled out, so roles and responsibilities are clearly defined; and/or

d. Advance/Liquidation. Payment by check payable to the Beneficiary in the form of an advance under Optional Provision 3 “Payment Advance” which the beneficiary will retire by subsequent presentation of a Financial Report, certified by the Beneficiary's authorized agent, for the Allowable Expenses incurred; and/or

e. Using a combination of one or more of the payment methods above.

Requests for payment shall be made to the Chief of Party, SUDAN AEFP, P.O. Box 1325-00606, Sarit Centre, Nairobi, Kenya. Payments shall be made in US Dollars or other agreed upon currency.

14. Procurement Activities. The Beneficiary hereby agrees that it will follow the procurement policies described either directly or by references in Attachment 1, Annex 5 hereto. Whenever possible, Chemonics shall procure commodities on behalf of the Beneficiary.

15. International Travel. *All international travel must be approved by the COP and REDSO/ESA. Any approved travel must follow AIDAR 752.7032*
INTERNATIONAL TRAVEL APPROVAL AND NOTIFICATION REQUIREMENTS

16. Drug Free Workplace. The Beneficiary hereby agrees that it will maintain a drug free workplace and will follow the guidelines provided in Attachment 1, Annex 6. Attachment 1, Annex 6, is hereby incorporated into this Grant Agreement and must be returned to the SUDAN AEF Program with the Grant Agreement.

17. Debarment and Suspension Certification. The Beneficiary hereby agrees that it will sign Attachment 1 Annex 7 hereby incorporated into this Grant Agreement and must be returned to the SUDAN AEF Program with the signed Grant Agreement.

18. Hiring of Government Employees. The hiring of Government of Sudan, Sudan People's Liberation Movement or Sudan People's Liberation Army employees is not authorized under this Grant Agreement.

19. Modification. This Grant Agreement may only be modified by issuance of a formal written Agreement Modification Notice jointly endorsed by Chemonics and the Beneficiary's Agent.

20. Grant Termination and Suspension. The Beneficiary agrees that this Agreement may be terminated or suspended for an indefinite period within 30 days after written notification by Chemonics or Recipient canceling or suspending the Agreement under the following conditions:

a. For Cause. Should Chemonics or the Beneficiary determine that:

1. It is unlikely that the "Objective of the Grant" will be achieved; and/or
2. If any of the Terms and Conditions of this Agreement are contravened by the Beneficiary;
3. In keeping with ADS 302.5.6, "USAID retains the right to terminate the grant activities unilaterally in extraordinary circumstances."

b. For Convenience. In the event the U.S. Government or South Sudan counterpart stops, delays, or transfers the services of or funding to, the Sudan AEF Program for any reason. The Sudan AEF Program and Chemonics International Inc. serve at the convenience of the U.S. Government, and may be impeded by the actions of the U.S. Government from executing this Grant Agreement;

c. For Mutual Convenience. The parties may withdraw from this agreement by mutual consent affirmed in writing.

d. For Force Majeure. By written notice of either party in the event of a "force majeure"-causes that prevent completion of the grant activities that are beyond the control and without the fault of either party. Examples of such causes include, but are not limited to, (i) acts of God or public enemy; (ii) acts of the U.S. or Southern Sudanese authorities in either their Sovereign or contractual capacities; (iii) fires; (iv) floods; (v) epidemics; (vi) quarantine restrictions; (vii) strikes; (viii) freight embargoes; (ix) unusually severe weather; (x) war; and (xi) delays of subcontractors or suppliers at any tier from enforceable causes beyond the control and without the fault or negligence of both the Beneficiary and its subcontractors or suppliers.

The Beneficiary hereby agrees that it will hold the Sudan AEF Program and Chemonics blameless in the event of termination or suspension of this Agreement for any reason. Notwithstanding the above, USAID may unilaterally terminate this agreement at any time.

21. Liability. The Beneficiary hereby agrees that under no circumstances will it hold USAID, Chemonics or the SUDAN AEF Program liable for any third-party claims for damages arising from implementation of any activity funded under this Agreement. The Beneficiary assumes full

responsibility for compliance with the laws and regulations of the Southern Sudan authorities operating in opposition-held areas.

22. Arbitration. In the event that any dispute arises concerning any aspect of this Grant Agreement that is not specifically addressed in these Terms and Conditions, it is hereby agreed that an ad hoc committee comprising the Sudan AEFPP Chief of Party, the AEFPP Microfinance Specialist, and the Beneficiary will serve as the final and binding arbiter of such dispute. The Chief of Party will head the committee and will have final authority in resolving any disputes.

23. Grant Completion Report. Within 90 calendar days after the "Grant Completion Date", the Beneficiary shall submit three typed-written copies of a Grant Completion Report that will include, but is not limited to, the following sections:

- a. Summary of its Activity Objective Achievements;
- b. Summary of its Activity Implementation Process;
- c. Lessons Learned and Recommendations;
- d. Public Dissemination Process;
- e. Final Grant Funds Reconciliation; and
- f. Commodity Inventory. It must be noted that all commodities procured under the Grant are to remain the property of Chemonics/USAID for a minimum of 2 years in furtherance of program objectives and that Chemonics reserves the right to determine if the commodities are being employed in accordance with their intended use. At the end of the two years and with the specific approval of the REDSO/ESA Contracting Officer, the commodities will become the Beneficiary's property. Failure to comply may result in recovery of the commodities by Chemonics.

24. Statement of Agreement. After having carefully studied the entirety of this Agreement, the undersigned, as authorized Agents of their respective organizations, fully and unconditionally agree with all of the above and by signature hereto bind their respective organizations to the terms and conditions of this Grant Agreement.

25. Standard Provisions. Attachment 3 hereto contains both Mandatory and Optional Standard Provisions applicable to this Grant. This Grant is being awarded and administered by Chemonics as an authorized USAID Contractor. Although USAID expects not to become substantially involved in the administration of this Grant other than as described above, it is understood and agreed that USAID may, in its discretion, supersede any decision, act or omission taken by Chemonics in respect of this grant, provided USAID acts in accordance with the grant provisions and in a timely manner, such that the Recipient has not detrimentally relied on the decision, act or omission of Chemonics.

All requirements that apply to USAID-executed grants are incorporated in grants signed by Chemonics.

26. Terrorist Activity. " As a condition of entering into the referenced agreement, [name of organization] hereby certifies that it has not provided and will not provide material support or resources to any individual or entity that it knows, or has reason to know, is and individual or entity that advocates, plans, sponsors, engages in, or has engaged in terrorist activity, including but not limited to the individuals and entities listed in the Annex to Executive Order 13224 and other such individuals and entities that may be later designated by the United States under any of the following authorities: ~219 of the Immigration and Nationality Act, as amended (8 U.S.C. & 1189), the International Emergency Economic Powers Act (50 U.S.C. & 1701 et seq.) the National Emergencies Act (50 U.S.C. & 1601 et seq.) or ~212(a)(3)(B) of the Immigration and Nationality Act, as amended by the USA Patriot Act of 2001, Pub. L. 107-56 (October 26, 2001)

(8 U.S.C. & 1182). [Name of Organization] further certifies that it will not provide material support or resources to any individual or entity that it knows, or has reason to know, is acting as an agent for any individual or entity that advocates, plans, sponsors, engages in, or has engaged in, terrorist activity, or that has been so designated, or will immediately cease such support if an entity is so designated after the date of the referenced agreement.

For purposes of this certification, "material support and resources" includes currency or other financial securities, financial services, lodging, training, safe houses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

For purposes of this certification, "engage in terrorist activity" shall have the same meaning as in section 212(a)(3)(B)(iv) of the Immigration and Nationality Act, as amended (8 U.S.C. & 1182(a)(3)(B)(iv)).

For purposes of this certification, "entity" means a partnership, association, corporation, or other organization, group, or subgroup.

This certification is an express term and condition of the agreement and any violation of it shall be grounds for unilateral termination of the agreement by USAID prior to the end of its term."

References to the "Agreement Officer" or "Grant Officer" and "USAID" or "AID" in such Standard Provisions shall be deemed to refer, respectively, to the Chemonics SUDAN AEFPP Chief of Party, or to Chemonics.

ON BEHALF OF THE BENEFICIARY

ON BEHALF OF CHEMONICS

For: XXXXXXXXXXXXXXXXXXXXXXXX.

For: Chemonics International Inc.

By:

By:

Signature: _____

Signature: _____

Title:

Title:

Date Signed: _____

Date Signed: _____

Effective Date _____

Effective Date: _____

Place Signed:

Place Signed:

Attachments:

Attachment 1: Program Description

Annexes to Attachment 1:

1. Grant Expenditure Schedule (in US dollars)
2. Advance Request and Reconciliation Worksheet
3. Financial Systems and Control Requirements
4. Reporting Requirements
5. Procurement Policy
6. Drug Free Workplace Certification
7. Debarment and Suspension Certification

Attachment 2: USAID ADS 303

Attachment 3: Standard Provisions

DISTRIBUTION:

1. One Original Copy to the Beneficiary
2. One Original Copy to the SUDAN AEF Program Files
3. One Original Copy to USAID

Attachment 1
Program Description

**Attachment 1, Annex 1
Grant Expenditure Schedule
(in US Dollars)**

Line Item (Provide Details)	Quarter 1 (insert months)	Quarter 2 (insert months)	Quarter 3 (insert months)	Quarter 4 (insert months)	Program Total
1. Salaries					
2. Fringe Benefits					
3. Equipment					
4. Travel/transportation					
5. Other Direct Costs					
6. Training					
7. Loan Capital					
Subtotal					

Attachment 1, Annex 2

Advance Request and Reconciliation Worksheet

1. Beneficiary's Name: _____
2. Activity Name: _____
3. Grant Tracking No: _____
4. Advance Period: _____ to _____
5. Total Activity Budget: _____

Items I-III are to be completed by the Beneficiary. This form must be accompanied by an authorized Financial Report in order to be processed.

I. Benchmarks Required for this Advance

	Target	Achieved	% Achieved
Benchmark 1* _____			
Results:	_____	_____	_____
Benchmark 2* _____			
Results:	_____	_____	_____
Benchmark 3* _____			
Results:	_____	_____	_____

*Benchmarks to be determined with the beneficiary and included in the contract terms

II. Advance Projections (Detailed Budget Attached)

Line Item	Month 1	Month 2	Month 3	Total Estimated Expenditure
A. Salaries				
B. Fringe benefits				
C. Equipment				
D. Travel				
E. Other Direct Costs (Provide Detail)				
1.				
2.				
3.				
F. Training				
G. Loan Capital				
TOTAL				

III. Reconciliation Worksheet

Worksheet No.: _____

	USH	USH
1. Estimated advance request (Total from Above):	_____	
2. Previous advance:	_____	
3. Total funds available to-date (2)	_____	
4. Expenditures last period (Financial report)*	_____	
5. Ending cash on hand (3-4)		_____
6. Total amount of advance (1-5)		_____

* The Beneficiary shall submit the original and one copy of a Financial Report to the Microfinance Specialist liquidating the amount of the last advance on a monthly/quarterly basis. The financial report shall include the following if applicable: a request for advance, general project expenses ledger, copies of bona fide receipts, timesheets for project staff, and inventory records.

BENEFICIARY CERTIFICATION: I certify that to the best of my knowledge and belief, the data reported above and the attached monthly financial statements are correct and that this request and our subcontract are in full compliance with the terms and conditions of the agreement between ourselves and Chemonics.

Signature: _____

Items IV-V are for Sudan AEF Program use.

IV. Sudan AEF PROGRAM APPROVAL

Sudan AEF COP: _____ Date: _____

Sudan AEF Microfinance Specialist: _____ Date: _____

Sudan AEF ACCOUNTING INFORMATION

Amount of Advance: _____

Date of Issue: _____

Cheque No: _____

Total Activity Value: _____

Grant Funds Disbursed to date: _____

Grant Funds Remaining: _____

Sudan AEF Accountant: _____ Date: _____

Attachment 1 Annex 3

Financial Systems and Control Requirements

a. General Controls. The financial management system implemented by the Beneficiary must contain adequate controls, books and records to ensure:

- That approved budgets by line-item category are not oversubscribed;
- That all property and equipment purchased with funds disbursed under this Agreement are properly identified and accounted for;
- The correct completion of the Advance Request Forms;
- The correct completion of financial and other reports submitted to the Sudan AEF Program.

To ensure effective and accurate bookkeeping of all transactions, a minimum of two Beneficiary personnel should be trained to keep all financial records. This will generally solve potential problems created when staff members are sick, on vacation, or leave the organization.

b. Cash Accounting System. The Beneficiary must use a cash accounting system. If the Beneficiary expects to use an accrual accounting system it must contact the Sudan AEF Program for specific technical assistance.

c. Chart of Accounts. The chart of accounts used in the accounting system must be approved by the Sudan AEF Program prior to disbursement of any funds under this Agreement.

d. Separate, Special Bank Account for Grant Agreement Funds. In order to be in compliance with USAID regulations, before any funds can be disbursed under this Agreement, the Beneficiary must have established a separate, special bank account into which all funds disbursed under this Agreement shall be deposited and that account shall contain only funds disbursed under this Agreement. If an initial deposit is required to open that account, the Beneficiary may use non-Sudan AEF program funds for this purpose, and withdraw those non-Sudan AEF Program funds following receipt of the initial disbursement of funds under this Agreement. To the maximum extent practical, all financial transactions for approved and allowable Sudan AEF Grant Program costs to be funded under this Agreement should be paid by check drawn on the required separate, special bank account payable directly to the vendor or payee. No funds disbursed under this Agreement may be transferred to other bank accounts owned by the Beneficiary that contains funds from any source other than the Sudan AEF Program.

Charges from the bank and currency exchange fees are Allowable Costs under the terms of this Agreement.

e. Pre-Award Audit. Chemonics reserves the right to conduct a pre-award audit, if necessary.

f. Periodic Audits. Depending on the size of the Grants or grant, together with any funding from other U.S. Government-funded agencies, it is possible that the Beneficiary will be audited. The audit may be interim, also known as a limited scope audit review, a final activity audit, or an organizational audit. *An audit may take place at any time up to three years after the submission of your final reports.* Under the terms of this Agreement, the Beneficiary is obligated to maintain all project records for at least that length of time, in such a way that they may be easily accessible to the representatives of Chemonics, the Sudan AEF Program or USAID, or any auditors commissioned for the purpose of examining those records. The purpose of an audit is to confirm that the Beneficiary is in substantial compliance with the terms of this Agreement.

g. Interim Audits. The limited scope review, or interim audit, is a modestly scaled audit conducted to verify that the Beneficiary has systems and procedures in place to properly process and record financial transactions, to ensure that the terms and conditions of the Grant are met, and to detect any improper use of grant funds. This audit may properly be viewed as offering substantive technical assistance to the organization in order to help the Beneficiary function in the most efficient and effective way possible.

h. Final Audits. A final audit may be performed at the end of the program term. This may be routine, or may be performed specifically to address issues of noncompliance that may have been noted during the Sudan AEF Program, or its designee.

i. Taxes. The cost of installation, transportation, taxes, duty or protective in-transit insurance may be included or excluded from the cost of the Beneficiary's purchases in accordance with its regular accounting practices.

j. Inventory Records. Once the Beneficiary has purchased or received the equipment, it must establish and maintain equipment inventory records that include the following points.

- A description of the equipment
- Manufacturer's serial number
- Model number
- Organizational assigned inventory number
- Source of the equipment, including your grant reference number
- Where title vests (your organization, unless you are advised otherwise)
- Acquisition date
- Location of the equipment
- Current use of the equipment
- Condition of the equipment
- The date the information was recorded
- Unit acquisition cost

k. Title. All commodities procured under the Grant are to remain the property of Chemonics/USAID for a minimum of 2 years in furtherance of program objectives and

Chemonics reserves the right to determine if the commodities are being employed in accordance with their intended use. The equipment acquired with Sudan AEF program funds may only be used for the purposes of the original activity under which it was purchased. In the event that equipment purchased no longer continues to be used for the same purpose as those of the program, or within 30 days after the end of the grant, the grantee will request instructions from Chemonics on disposition or continued use of the property as required by Optional Standard Provision 3, Title to and Use of Property (Grantee Title).

l. Physical Inventory. At least once a year but preferably every six months, you must perform a physical inventory of all equipment purchased with Sudan AEF funds by visually identifying each piece, and updating your equipment inventory record. These physical inventories should continue, as a policy of your organization, after the termination date of the Sudan AEF Grant.

m. Control System. Losses from fire or theft, or irreparable damage to the equipment are unfortunate possibilities. The Beneficiary should anticipate the possibility and obtain insurance where possible. However, the cost of this insurance is not an allowable cost under the Sudan AEF Grants Program. The Beneficiary should also protect its office space where the equipment is housed. This protection may include but is not limited to, the installation of adequate locks on the doors or windows, and an electronic security system.

n. Maintenance. In addition to the Beneficiary's control system, it must have in place adequate maintenance procedures to ensure its equipment and facilities are kept in maximum operating efficiency. These procedures may include having its equipment serviced and repaired regularly, and protecting it from extreme temperatures.

o. Services. Purchase of professional services, such as translating, legal, or accounting services, follows the same guidelines as the purchase of equipment. The requirement to ensure full, open or adequate competition remains the same.

Attachment 1, Annex 4 REPORTING REQUIREMENTS

The importance of prompt reports simply cannot be overemphasized. The Beneficiary is responsible for submitting the reports required below on time. Failure to submit narrative and financial reports on time will delay, or result in withholding of, disbursements under this agreement.

A. Quarterly Reports. The following quarterly reports shall be submitted along with any request for disbursement under this agreement.

1. Program Report. This should be a brief report discussing the degree to which the program activities are being accomplished and are achieving the program objectives. The report should also include any major program implementation problems, such as failure to meet program objectives and targets, and critical operational issues such as MIS management problems, staffing problems, etc. The format will follow the appropriate activities listed in the annual business plan.

2. Financial Report. The Recipient shall submit the original and one copy of a Financial Report to the Sudan AEFP Microfinance Specialist on a quarterly basis not later than the 15th day of the month following the month for which the advance was requested. The Financial Report shall include:

- Request for Advance;
- General Project expenses ledger;
- Copies of bona fide receipts;
- Timesheets of project staff and experts;
- Travel forms; and
- Inventory records.

Monthly financial reports tracking certain indicators, such as number and volume of the loans, gender data, loan portfolio quality, and operational self-sufficiency shall also be required. Monthly reporting requirements will be spelled out in the grant agreement.

B. Annual Report. The Beneficiary is required to submit an annual summary of activities in the twelfth month of every annual period of the Agreement. This report will highlight major activities in program implementation as compared to the Strategic Plan and Program Benchmarks, and indicate annual goals for the following year. The Sudan AEF Program is responsible for reviewing and approving revised project goals and plans made for overcoming any implementation problems against the original Strategic plan and organizational development plan.

Attachment 1, Annex 5 Procurement Policy

The Beneficiary agrees to establish and maintain a procurement system that complies with policies of the U.S. Agency for International Development as set forth in Optional Standard Provision 1, Procurement of Goods and Services. To assist the Grantee in this effort, the following supplemental guidance is provided. In the event of any conflict between this supplemental guidance and specific provisions of Optional Standard Provision 1, the specific provisions will prevail.

The procurement system must avoid and eliminate the purchase of unnecessary or duplicate items, and must follow a procedure that ensures that purchases are not made without the approval of at least one person other than the individual who has identified the need or is making the purchase. The Beneficiary must establish a purchasing procedure whereby any purchase over US\$ 100 requires a purchase order.

Procurement Plan. Prior to the disbursement of any funds under this Agreement, the Beneficiary must submit to the Sudan AEF Program a written list of the goods and services to be purchased with funds disbursed under this Agreement. This list, known as the Procurement Plan, must include:

- The criteria to be used in making the selection of goods or services;
- The source or origin of the goods or service (if known); and
- The approximate price the Beneficiary expects to pay.

The Sudan AEF Program will review the Procurement Plan, will provide detailed information concerning all procurement regulations and will approve or recommend alterations to the plan.

Some goods, such as office equipment, may be purchased by the Sudan AEF Program prior to the approval of this grant, during the MFI office buildout phase. These goods will be added to the inventory and added to the grant agreement once it is approved and completed/

Competition. Every time the Beneficiary purchases something with Sudan AEF Grants Program funds, it must use an appropriate level of cost comparison and analysis. Each time the Beneficiary requests an oral or written bid from two or more vendors, it must provide each vendor with identical information regarding the specification of the goods or services it is procuring.

- * *When purchasing any good or service with a unit cost of less than US\$ 500, price quotes are preferred but not required. If possible, three oral quotes should be*

obtained and documented (names of vendor and price quote). Selections should be made on the grounds of price, quality, dependability, timeliness, and other business considerations.

- * *When purchasing a good or service with a unit price greater than or equal to US\$ 500, but less than US\$ 5,000, three written quotes must be sought. Oral quotes are not acceptable. Selection should be made based on the factors of price, assured timely deliveries, proven ability to deliver a quality product, reputation of vendor, and other criteria fitting to the specific procurement.*
- * *Sudan AEF Program will have substantial involvement in procurement of a good or service with a unit price greater than US\$ 5,000. Three written quotes must be sought and evaluated in an open and transparent manner.*

Attachment 1, Annex 6
Drug Free Workplace Certification

The Beneficiary of this Grant Agreement, also known as the Grantee, hereby certifies the following:

1. That this certification is a material representation of fact from the Beneficiary upon which reliance was placed when the Sudan AEF Program awarded the grant;
2. That the Beneficiary understands that if it is later determined that the Beneficiary knowingly rendered a false certification, or otherwise violated the requirements of the Drug-Free Workplace Act, the Sudan AEF Program, in addition to any other remedies available to the U.S. Federal Government, may take action authorized under the Drug-Free Workplace Act; and
3. That the Beneficiary currently maintains and will continue to maintain and provide throughout the life of the grant a Drug-Free Workplace by:
 - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Beneficiary's workplace and specifying the actions that will be taken against employees for violation of such prohibition:
 - b. Establishing a Drug-Free awareness program to inform employees about:
 - i. The dangers of drug abuse in the workplace;
 - ii. The Beneficiary's policy of maintaining a Drug-Free Workplace;
 - iii. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - iv. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - c. Making it a requirement that each employee to be engaged in the performance of the grant is given a copy of the statement required by paragraph (a);
 - d. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:
 - i. Abide by the terms of the statement; and
 - ii. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
 - e. Notifying the agency within ten days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction:

f. Taking one of the following actions, within 30 days of receiving notice under subparagraph (d) (2), with respect to any employee who is so convicted:

- i. Taking appropriate personnel action against such an employee, up to and including termination; or
- ii. Requiring such an employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

The Beneficiary further certifies that the site(s) for the performance of work to be done in connection with the grant is: (Street address, city)

The Beneficiary certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance in conducting any activity with the grant.

Certified by: *(Signature of Beneficiary's Authorized Signatory)*

Name: *(Name of Beneficiary's Authorized Signatory)*

Title: *(Title of Beneficiary's Authorized Signatory)*

Date:

Attachment 1, Annex 7
Debarment and Suspension Certification

A. The Beneficiary certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal Department or agency; have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery , bribery , falsification or destruction of records, making false statements, or receiving stolen property; are not presently indicated for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in this certification; and have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

B. The Beneficiary agrees that, unless authorized by the Grant Officer, it will not knowingly enter into any sub-agreements or contracts under this grant with a person or entity that is included on the “Lists of Parties Excluded from Federal Procurement or Non-Procurement Programs.” Chemonics will provide the Beneficiary with a copy of these lists upon request.

The Beneficiary further agrees to include the following provision in any sub-agreements or contracts entered into under this grant:

“The Beneficiary/contractor certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency”.

C. The policies and procedures applicable to debarment, suspension and intelligibility under USAID-financed transactions are set forth in 22 CFR Part 208.

On behalf of _____ (*Name of Beneficiary Organization*),
the Beneficiary, I hereby acknowledge our understanding and acceptance of the terms and conditions of this Certification.

By: (*Signature of Beneficiary's Authorized Signature*)
Name: (*Name of Beneficiary's Authorized Signatory*)
Title: (*Title of Beneficiary's Authorized Signatory*)

Date: _____

Attachment 2
USAID ADS 303

Functional Series 300: Acquisition and Assistance
ADS Chapter 303 -Grants and Cooperative Agreements to Non-Governmental Organizations

- 303.1 Authority
- 303.2 Objective
- 303.3 Responsibility
- 303.4 Definitions (See Glossary)
- 303.5 POLICY
- 303.5.1 USE OF GRANTS AND COOPERATIVE AGREEMENTS
- E303.5.1 Use of Grants and Cooperative Agreements
- 303.5.2 APPLICABLE REGULATION
- E303.5.2 Applicable Regulation - N/A
- 303.5.3 DEVIATIONS
- E303.5.3 Deviations
- E303.5.3a Requirements for Comments
- E303.5.3b Contents of a Deviation Request
- 303.5.4 PUBLIC NOTICE AND ADVERTISING
- E303.5.4 Public Notice and Advertising
- 303.5.4a ANNUAL PROGRAM STATEMENT
- E303.5.4a Annual Program Statement
- 303.5.4b REQUEST FOR APPLICATIONS
- E303.5.4b Request for Applications
- *303.5.4c UNSOLICITED CONCEPT PAPERS AND APPLICATIONS
- *E303.5.4c Unsolicited Concept Papers and Applications - N/A
- 303.5.5 COMPETITION
- 303.5.5a REQUIREMENTS FOR COMPETITION
- E303.5.5a Requirements for Competition
- 303.5.5b EVALUATION CRITERIA
- E303.5.5b Evaluation Criteria
- 303.5.5c REVIEW AND EVALUATION
- E303.5.5c Review and Evaluation
- 303.5.5d EXCEPTIONS TO COMPETITION
- E303.5.5d Exceptions to Competition
- 303.5.5e LATE OR INCOMPLETE SUBMISSIONS
- E303.5.5e Late or Incomplete Submission
- 303.5.6 APPLICATION FORM AND CONTENT
- E303.5.6 Application Form and Content
- 303.5.7 POST SELECTION ACTIONS
- E303.5.7 Post Selection Actions -N/A
- 303.5.7a NOTIFICATION
- E303.5.7a Notification
- 303.5.7b REQUEST FOR ADDITIONAL INFORMATION

E303.5. 7b Request for Additional Information
303.5.8 STATUTORY AND REGULATORY CERTIFICATIONS
E303.5.8 Statutory and Regulatory Certifications
303.5.9 PRE-AWARD RESPONSIBILITY DETERMINATION
E303.5.9 Pre-award Responsibility Determination
303.5.9a PRE-AWARD SURVEYS
E303.5.9a Pre-award Surveys
303.5.9b HIGH RISK RECIPIENTS
E303.5.9b High Risk Recipients
303.5.10 COST SHARING
E303.5.10 Cost Sharing
303.5.10a COST SHARE IMPLEMENTATION
E303.5.10a COST SHARING - N/A
303.5.11 COOPERATIVE AGREEMENTS
E303.5. 11 Cooperative Agreements
303.5.11a SUBSTANTIAL INVOLVEMENT
E303.5.11a Substantial Involvement
303.5.12 NEGOTIATION AND AWARD
E303.5.12 Negotiation and Award
303.5.13 ADMINISTRATION OF AWARDS
E303.5. 13 Administration of Awards
303.5.13a MULTIPLE YEAR AWARDS
E303.5.13a Multiple Year Awards
303.5.14 INFORMAL COMMITMENTS
E303.5.14 Informal Commitments
303.5.15 SIMPLIFIED FORMAT GRANTS TO NON-U.S. ORGANIZATIONS
E303.5.15 SMALL GRANTS TO NON-U.S. ORGANIZATIONS
303.5.16 CONGRESSIONAL AWARD NOTIFICATION SYSTEM
E303.5.16 Congressional Award Notification System
303.5.17 OFFICIAL LANGUAGE
E303.5.17 OFFICIAL LANGUAGE
303.5.18 ENDOWMENTS
E303.5.18 Endowments
303.6 Supplementary Reference
303.7 Mandatory Reference

*AIDAR 752.7032 INTERNATIONAL TRAVEL APPROVAL AND NOTIFICATION
REQUIREMENTS AND AIDAR 752.7027 PERSONNEL*

Attachment 3

STANDARD PROVISIONS

MANDATORY STANDARD PROVISIONS FOR NON-U.S., NON-GOVERNMENTAL GRANTEES

INDEX OF MANDATORY STANDARD PROVISIONS

1. Allowable Costs
2. Accounting, Audit and Records
3. Refunds
4. Revision of Grant Budget
5. Ineligible Countries
6. U.S. Officials not to Benefit
7. Investment Promotion
8. Amendment
9. Notices
10. Metric-System of Measurement

INDEX OF OPTIONAL STANDARD PROVISIONS

1. Procurement of Goods and Services
2. USAID Eligibility Rules for Goods and Services
3. Payment Advances
4. Title to and Use of Property (Grantee Title)
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6. Cost Sharing (Matching)
7. Local Cost Financing
8. Participant Training
9. Air Travel and Transportation