

# FY 2008 Project Review Guide

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## Operating Guidelines for 2008 – 2009 Funding

### Process Overview

Table 1 - Project Funding Review Process Summary

Activities	Timing	Materials
Application Screening		Initial Application, Site Visit Report
Concept Review Meeting	Start	Section 1-3 and Appxs of PP, ESR, prelim DD docs, → CRM memo
Project Design	120 days	Completed Project Paper, Supporting Analyses, All DD Docs
Compliance Review	5-7 days	Clearance Sheet Cover Sheet, Ambassador Notification, Appendix A, Budget, Narrative, ESR, Financial Assessment Form
Grant Authorization	3-5 days	Decision Memo to President via GC, Final Grant Package (Amb Letter, Appendix A, Budget).

## **Concept Review Meeting – (CRM)**

Each valid project application will be reviewed for its fit with USADF selection criteria to determine whether the application should proceed to a formal design stage.

The purpose of the CRM meeting is to:

- (1) Validate the group eligibility and assess the application's fit with selection criteria  
(See Appendix 1),
- (2) Identify major legal, environmental, and / or financial management issues that would preclude further activity or that must be addressed in design, and
- (3) Advise designers on best practices / lessons learned to help achieve other criteria considerations (See Appendix 1, table 4).

The outcome of the Concept Review Meeting is a clear recommendation to either proceed or not proceed with the next steps of project design, and that the substantive compliance issues necessary for successful design and implementation are identified. Other than the President / CEO and the USADF Board of Directors, it is the sole determination of the Regional Program Coordinator as to whether to proceed or not.

The Concept Review Meeting (CRM) will be chaired by the Regional Program Coordinator (RPC). Those invited to attend (in person / by telephone) include the Portfolio Analyst (PA) as scribe, the Country Program Coordinator (CPC), a member of the Partner Organization (PO), the Environmental Officer, a member from Monitoring and Evaluation (ME), and a member of the General Counsel (GC). Efforts will be made schedule the meeting to maximize attendance, however lack of attendance shall not hold up the process. A CRM memo will summarize the recommendations of the CRM and notes substantive items for each category 1-3 above. The memo is sent to the CRM Chair with copies to CRM members and Business Operations. A copy of the Memo is retained in the *PRC/year/country/project name* online folder system.

### **CRM Materials**

CRM materials must be provided to CRM member at least 5 business days prior to a scheduled meeting. Core materials required for a CRM include:

(FY2008)

- Project Paper Section 1-3 and cover sheet
- Project Paper Appendix 1, 2, and Annex A
- ESR
- Draft Budget
- Land Usage Documentation (Title, lease, etc)
- 2 years financial statement (preferred audited with management letter)
- Loan, Indebtedness Documentation

- Registration and By-Laws (or articles of incorporation)

(FY2009)

- Site Visit Report (including Reference Report)
- RPC recommendation memo,
- Completed application form,
- Draft Budget
- ESR
- Land Usage Documentation (Title, lease, etc)
- 2 years financial Statement (preferred audited with management letter)
- Loan, Indebtedness Documentation
- Registration and By-Laws (or articles of incorporation)

**CRM Roles**

Each member will be directed to serve the following function and role:

Table 2 - Concept Review Committee Functional Roles (FY2008)

Member	Role and Function
RPC	Ensures package is complete and ready for review. Provides documentation to Business Ops for scheduling and distribution. Chairs meeting, determines a final recommendation for next steps. Note, the RPC (and the ADF President / CEO and the Board of Directors) have the sole role to determine whether or not to proceed based on fit with ADF selection criteria.
PA	Records notes and produces the CRM memo.
CPC-Rep	Presents concept application package
Partner Org	Supports application presentation.
Env Officer	Determines any environmental issues that must be addressed in design, advises on lessons learned.
M and E	Advises on impact elements, and lessons learned.
GC	Determines any legal issues that must be addressed in design, advises on lessons learned.

Project applications that receive a CRM recommendation to move forward receive support from ADF’s partner organization to develop a detailed project paper. The final project paper (and supporting analysis) is expected to be completed in 120 days after CRM approval.

**CRM Memo Format**

Standard Memo Headings.

Summarization of:

- Recommendation to proceed or not proceed with project design. If not proceeding the primary objections are noted.
- Note any specific ESR, due diligence, or financial certification requirements that need to be included in the project design.
- Note key lessons learned.

## Compliance Review

Once the design (and supporting analysis) are complete the RPC will initiate a project compliance review. The purpose of the Compliance Review is to ensure that the proposal project meets with USADF statutory requirements.

The Compliance Review is a paper-based review process that involves three steps – (1) the distribution of the compliance folder, (2) the reviewers sign off, and (3) resolution of sign off issues.

The RPC is responsible to work with Business Operations to prepare and distribute three compliance folders. Each folder contains:

- Clearance signature cover sheet (*see Appendix 2*),
- Appendix A,
- Budget and Narrative,
- Copy of Ambassadorial Notification,
- ESR, and
- due diligence check list

(Note, the final project paper and associated analyses, financial assessment, and all due diligence documents are not circulated in the folder, but are available online for detailed review as needed.)

For graduating Enterprise Development Investments (EDI) the compliance folder will contain additional documentation to inform reviewers about the results of the EDI objectives. The EDI to EEI compliance folder contains the following document set:

- Clearance signature cover sheet (*see Appendix 2*),
- Appendix A,
- Budget and Narrative,
- Copy of Ambassadorial Notification,
- ESR, and
- due diligence check list
- Close-Out / Performance Summary
- Financial Assessment
- Project Paper Executive Summary

A compliance folder is provided concurrently to the GC, CFO and Environmental Officer. Each reviewer will complete their review within 5 working days of receipt of the file.

The reviewer indicates either approval or rejection on the clearance signature cover page. (The CFO checks for a completed financial assessment forms and verifies funds

availability.) If a reviewer fails to clear the proposal, they must note the specific issue(s) or requirement(s) raised at the bottom of the clearance page.

The RPC will collect the clearance sheets, and seek to resolve raised issues. When the RPC has completed this task to their satisfaction the project moves on to final grant authorization. If a compliance reviewer fails to clear, the RPC may elect to move the package forward to the president for grant authorization, but is required to note any outstanding issues in the final grant authorization decision memo to the President.

Business Operations tracks the progress dates of the compliance folder for status reporting purposes.

## Grant Authorization

Grant authorization is the final step of the review and approval process and results in a legal agreement to obligate and disburse federal funds. Final grant authorization is done involves three steps: (1) the preparation of a Decision Memo and grant agreement folder by the RPC, (2) a final clearance review and signature by the General Counsel, and (3) an authorization review and approval signature by the President/CEO. Note, the President / CEO may waive any part of this review process in order to facilitate USADF operations provided such wavier is in writing and is in compliance with applicable laws and external regulations.

The RPC is responsible to provide all the necessary information (including recommended language for required covenants, CPs, and specific RIC schedules) to Business Operations to prepare and distribute the grant authorization folder. The RPC ensures that the Decision Memo includes any unresolved issues raised from the compliance review. The authorization folder contains:

- Decision Memo (see *Appendix 3*)
- Completed Clearance signature cover sheets from the GC, CFO, and Env Officer
- Final Grant Agreement Package (Cover letter, Appx A, Budget, boilerplate, etc)
- Copy of Ambassadorial Notification

(Note, the final project paper and associated analyses, financial assessment, due diligence documents are not circulated in the folder, but are fully available online for detailed review as needed.)

The RPC checks the grant agreement folder and distributes the folder to the President through the General Counsel. The GC has three days to review the folder and either passes it on to the President for the final authorizing signature, or may return it to the RPC for adjustments. Upon receipt of the grant authorization folder the President / CEO has three days to sign off on final grant authorization, or send the project back to the RPC for clarification or additional information. When further clarification is needed the RPC is responsible to satisfy the information request, update documentation as appropriate, and repeat the grant authorization steps noted above. The authorized grant agreement is returned to Business Operations for transmittal to the field office with a copy to the CFO (to update funding budget amounts).

Business Operations tracks the progress dates of the grant authorization folder for status reporting purposes.

## Appendix 1 - Project Selection Criteria and Guidance

Project applications (using form 'A' or 'B' per table 3 below) that have cleared the initial in country screening and sites visit(s) are then passed forward by the country team and the RPC to be reviewed and validated by a Washington- based Concept Review Committee. Each screened application will be assessed on the group eligibility profile (table 3) and with selection criteria (table 4).

**Table 3 - Application Form Matrix**

<b>AGRICULTURAL COOPERATIVES and SMALL-SCALE PRODUCER GROUPS</b>	An organization formed by a group of small-scale farmers, artisans, or producers to achieve some or all of the advantages of large-scale marketing and production.	Application 'A'
<b>COMMUNITY-BASED ORGANIZATIONS (CBOs)</b>	An organization made up of a group of people who come together to accomplish a common goal or a set of goals tailored to meet the development needs of their community.	Application 'A'
<b>AFRICAN INTERMEDIARY ORGANIZATIONS (AIOs)</b>	An organization that works directly with very low-income people and marginalized groups.	Application 'A'
<b>SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)</b>	A registered enterprise that employs up to 100 workers, has annual sales revenues up to \$1 million, and has a business plan that impacts communities either directly within their enterprise or indirectly through supply-chain linkages.	Application 'B'

### Selection Criteria

USADF's mandate directs USADF to give priority *"to projects which community groups undertake to foster their own development and in the initiation, design, implementation and evaluation in which there is the maximum feasible participation of the poor."* Additionally, USADF mission includes the responsibility to ensure that the selection, design, and implementation of funded projects focus on providing maximum benefit to marginalized populations.

**Table 4 - Selection Criteria**

<b>Organization Eligibility Requirements:</b>
1. The organization must be 100 percent African-owned and managed.
2. The organization must be a legally recognized African entity (or in the process of becoming legally registered. Registration must be completed before any funding may be provided)
3. The organization must demonstrate that it has successfully worked together and has the potential to productively utilize development funds.
4. The ownership and management must be in agreement on the problem to be addressed and have a commitment to benefit their community.
5. The organization must have basic functional management and controls to use and account for ADF funds.
<b>Benefit Requirements:</b>
1. The proposed project should represent both the applicant's and targeted beneficiaries identified needs.
2. The outcome of the project must provide real (measurable) benefits to the community. Benefits include job creation, increased incomes levels, improved market access, and quality of life improvements.

The final project proposal and associated ADF funding assistance should result in the organization's ability to satisfy the following criteria:

Other Considerations:
1. The project is consistent with ADF's host country strategies and partnerships.
2. The goals of the project can be implemented realistically with ADF funds.
3. There are sufficient management, technical and financial resources available for project success.
4. The organization can demonstrate long-term viability after ADF funding ends.
5. The organization can meet all licensing/regulatory and environmental requirements.
6. The project has potential for broader replication.
7. The level of funding from self and other sources (local, foreign, donors) committed to or available to the organization.

### Review Guidelines

1. Target Populations – *“The outcome of USADF projects should result in significant benefits for marginalized population groups that may include an underserved geographic locations, gender based needs, persons with disabilities, and / or youth oriented needs.”*
2. Target Poverty Levels – *“The outcome of USADF projects should result in significant benefits for community members that have incomes below the national per capita income levels.”*
3. Target Project Locations – *“USADF projects can be either rural or urban based provided they fit USADF selection criteria, but should not be exclusively urban based.”*
4. For-Profit Enterprise / Business Projects -- *“Valid USADF projects may involve funding for closely-held Small- Medium Sized Enterprises and Businesses provided they fit within USADF selection criteria and fall with in the following guidelines:*
  - a. *Size: The Enterprise/ Business annual revenues should not exceed \$1 million per year and have less than 100 employees.*
  - b. *Ownership: Principal owner(s) should be members of the local community and not recently returning nationals, not members of government, and not wealthy individuals.*
  - c. *Benefit: The enterprise/business project should show clear benefit to poor community members by providing measurable improvements in income levels, increased job stability through better market access, stronger supply chain linkages, skills training, and where possible improve conditions of employment. Note all enterprise projects will include a Re-investment Commitment provision.*
  - d. *Beneficiary Involvement: The project design should clearly show that targeted beneficiary community have been engaged during the design process, and that they are in general agreement with the outcomes of the proposed project and will support its implementation.”*

**Appendix 2 - Compliance Clearance Page**

*TO USADF President*

*CC RPC,*

*Date of Distribution:*

*RE: Compliance Review for Country, Project Name, Value in USD*

I have reviewed the requisite project proposal document and find the funding request IS / IS NOT in compliance with ADF policy and Federal statutory requirements.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Rejection Issues:

1.

2.

3.

**Appendix 3 - Grant Authorization Decision Memo**

*TO: USADF President*

*CC: RPC,GC*

*Date of Distribution:*

*RE: Grant Authorization Review for Country, Project Name, Value in USD*

The following grant application is recommended for grant authorization. The application and proposal material has been carefully reviewed and is compliance with ADF policy and Federal Statutory requirements. The review process has resulted in *no / number* unresolved issues (as noted below).

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: Regional Program Coordinator

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: General Counsel

Authorized / Not Authorized (circle one)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: President and CEO, USADF

Unresolved Issues:

- 1.
- 2.
- 3.