



The following changes have been made to the *Guidelines* since the October 2012 release. Please incorporate these changes into your proposals. Most recent changes are listed first.

Passages with changes from the *Guidelines* follow below with changes marked in **yellow highlighting**.

Date of Change	Section	Change	Justification
April 10 2016	VI. A. (Pg. 37)	Removed pooled cost guidance	Pooled costs are addressed in 2 CFR 200 appendices.
April 10 2016	VI. A. (Pg. 37)	Added cost sharing and program income guidance. Cost sharing must be in U.S. Dollars	2 CFR 200.39, 2 CFR 200.306, 2 CFR 200.80, 2 CFR 200.307
April 10 2016	VI. A. (Pg.37)	If no NICRA, can charge a <i>de minimis</i> rate of 10% of MTDC	2 CFR 200.414(f)
April 10 2016	VI.A. (Pg. 37)	Funded modification new budget must include unexpended funds from prior obligation.	Clarification
April 10 2016	VI. D. (Pg. 38, 40)	Advanced requirements for new applicants separated into two sections to include information on fixed-amount awards (formerly fixed-obligation grants)	Change from Fixed-obligation Grants to Fixed-amount Awards.
April 10 2016	VI. E. (Pg. 40)	Ineligible Suppliers section provides websites for the three lists of ineligible suppliers of USAID-financed goods and services.	www.sam.gov OFAC List UN Security Designation List
April 10 2016	VI. E. 4. (Pg. 46-7)	Prohibited sources expanded and clarified	22 CFR 228, 15 CFR 730, ADS-310
April 10 2016	VI. H. (Pg. 49)	Clarified that cost sharing amounts must be reported in U.S. Dollars, not percentages.	2 CFR 200.306, 2 CFR 700.1, ADS-303
April 10 2016	VI. G. (Pg. 56)	Changed reference to 2 CFR 308	2 CFR 308
April 10 2016	VI. G. (Pg. 57)	Clarification of official international travel and staff member dependents for over six months	2 CFR 200.474

A. Detailed/Itemized Budget

The detailed/itemized budget must list and account for individual line items within each *object class category* for each sector objective {2 CFR 200.206, FAA §611(a), ADS-201}. Object class categories are logical groupings of costs, such as staff salaries, fringe benefits, travel, capital equipment, supplies, and indirect costs. Samples of budgets itemized by object class category and organized by sector objective are available at <http://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources> under *Sample Detailed/Itemized Budget for Primary Funding Recipient* and *Sample Detailed/Itemized Budget for Sub-Partner Funding Recipient*. **These sample budgets are strictly illustrative; you must use your own dollar figures, rates, and cost allocation methodologies.**

[Pooled costs information has been removed as it is addressed in 2 CFR 200 appendices.]

Budgets must be provided in Excel. All proposed costs, including cost sharing, must be in compliance with OMB and USAID policies. Cost sharing must be expressed as an amount in US Dollars. You must justify in advance the proposed costs for each element of the program. If you expect to earn program income during the award period, the proposal must specifically state how the income will be applied. The definition of program income is located in 2 CFR 200.80 and income application suggestions can be found in 2 CFR 200.307.

You must support indirect costs with a formal Negotiated Indirect Cost Rate Agreement (NICRA) or audited financial statements and indirect cost calculations. If you have never received a NICRA, you may elect to charge a *de minimis* rate of 10% of modified total direct costs (MTDC) in accordance with 2 CFR 200.414(f). MTDC includes

- Direct salaries and wages
- Applicable fringe benefits
- Materials and supplies
- Services
- Travel and
- Up to the first \$25,000 of each sub-award regardless of the period of performance of the sub-awards under the award.

MTDC excludes

- Equipment
- Capital expenditures
- Charges for patient care
- Rental costs
- Tuition remission
- Scholarships and fellowships
- Participant support costs and
- The portion of each subaward in excess of \$25,000.

Other items may only be excluded from MTDC when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs {2 CFR 200.19}. Costs must be consistently charged as either indirect or direct costs. Costs must not be double-charged or inconsistently charged as indirect and direct. If you

elect to use the *de minimus* rate, you must use it consistently for all Federal awards until you choose to negotiate for a rate. You may apply to negotiate for a rate at any time.

For funded modifications:

Submit a new budget reflecting only the funds requested through this modification and any unexpended funds from prior obligation. The Detailed/Itemized Budget guidelines above apply to budgets for funded modifications. Do not send the original budget with updates. A pipeline analysis is also required; see Section H, Financial Documentation below for details.

-----Middle of Page 38-----

D. Advanced Requirements for New Applicants

This section describes additional requirements to be addressed by new applicants prior to proposal submission. Those who have not previously received funding from the USG must complete items one and two. If your organization has received funding from the USG, but not from USAID, complete only item two. If you have previously received USAID/OFDA funding, indicate “not applicable” for this section.

a) For Grants and Cooperative Agreements

1. Organization Has Never Received USG Funding or Has Outstanding Audit Findings

- USAID/OFDA must conduct a pre-award survey in order to make a risk assessment decision. This survey may take up to 60 days to schedule. You should take this into account and plan submissions and program performance periods accordingly. Contact an USAID/OFDA representative for additional guidance. A listing of USAID/OFDA regional representatives is available at <http://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources>.
- You must provide audited financial statements for the previous three fiscal years, which a Certified Public Accountant or other auditor satisfactory to USAID has performed; an organizational chart; and copies of applicable policies and procedures, such as accounting and financial management, purchasing, property management, travel, and personnel {ADS-303.3.9}.
- You must have a unique nine-digit Data Universal Numbering System (DUNS) Number {2 CFR 25, ADS-303.3}. Procedures for obtaining a DUNS number are contained in the Certifications and Assurances package, which can be accessed at <http://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources>.
- You must have a current registration in the System for Award Management database (www.sam.gov). Registration procedures can be found at <https://www.SAM.gov/portal/public/SAM>. (Enable TLS 1.0 on your Internet browser’s security options to access.) In order to receive payment from USAID/W, non-U.S. registrants must input or update their U.S. banking information (bank routing number, account number, etc.) via the tab entitled, “**Remittance**” in SAM. The USAID Chief Financial Officer receives registrant financial information from SAM.GOV and uses SAM information to make payments to recipients of USAID awards (awardees).
- Non-US organizations must also obtain a NATO Commercial and Governmental Entity (NCAGE) number prior to seeking SAM Registration. See http://www.dlis.dla.mil/Forms/Form_AC135.asp. The USAID/OFDA Grants Unit will work

with new non-US awardees to set up electronic payments into the awardee's local bank account.

2. Organization Has Received USG Funding but Never from USAID

- You must include information demonstrating that the organization has the ability to meet various award conditions {ADS-303.3.9):
 - Financial and program management systems that comply with 2 CFR 200.300- 2 CFR 200.309;
 - System of internal controls is reasonable in accordance with applicable cost principles {Subpart E of 2 CFR 200} This includes the segregation of duties, handling of cash, contracting procedures, and personnel and travel policies;
 - Procurement system and contracting procedures that comply with 2 CFR 200.317-326;
 - Property management system that complies with 2 CFR 200.310-316;
 - Personnel policy that complies with applicable USG cost principles and results in reasonable and allocable salary charges;
 - Travel policy that complies with the standard provision entitled "Travel and International Air Transportation" and applicable USG cost principles;
 - System of administering and monitoring sub-awards as required by 2 CFR 200.330-332;
 - Reports and records that comply with **2 CFR 200.333-.337**; and
 - Sufficient absorptive capacity.

- You must also provide the following:
 - Evidence that the organization has or can obtain adequate financial resources for performance of the award;
 - Proof that the organization has a satisfactory record of performance, including history of performance references;
 - Information showing that the organization has a satisfactory record of integrity and business ethics;
 - Documentation establishing that the organization is otherwise qualified to receive an award under applicable laws and regulations; and
 - Contact information for the contracting or Agreement Officer at every USG agency from which your organization has received an award.

You must have a U.S. bank account to receive payments from USAID. If you are a non-U.S. organization, you must provide the name and banking information for a correspondent U.S. bank that will receive funds on your behalf.

-----Top of Page 40-----

b) For Fixed Amount Awards (FAA) to Non-Governmental Organizations

A fixed amount award is a type of assistance award where USAID provides a specific level of support and where payment is not based upon the actual costs incurred by the recipient.

For Fixed Amount Awards, you must include information demonstrating that your organization has the ability to meet various award conditions by addressing all pre-award risk assessment determination criteria listed under the *Fixed Amount Award Entity Eligibility Checklist* located at <http://www.usaid.gov/sites/default/files/documents/1868/303mak.pdf>.

Under a fixed amount award USAID pays your organization a set amount when it accomplishes a milestone. Milestones are for a verifiable product, task, deliverable, or goal of your organization. You must propose milestones that can objectively be verifiable regarding completion and quantity and within your organization's span of management control to successfully complete as designed. The milestones will generally have three parts:

1. Description of the product, task, deliverable, or goal to be accomplished;
2. Description of how the recipient will document the completion of the product, task, deliverable, or goal; and
3. The amount that USAID will pay the recipient for the deliverable.

E. Ineligible and Restricted Goods, Services, and Countries

For more information on this subject than the summaries provided below, see the USAID ADS *Major Functional Series 300: Acquisition and Assistance, Chapter 312, Eligibility of Commodities* at <http://www.usaid.gov/sites/default/files/documents/1876/312.pdf>.

1. Ineligible Goods and Services

USAID/OFDA cannot fund

- Military equipment
- Surveillance equipment
- Abortion equipment and services
- Luxury goods and gambling equipment
- Weather modification equipment
- Commodities and services for support of police or other law enforcement activities.

-----Middle of Page 40-----

2. Ineligible Suppliers

Some entities are ineligible as suppliers of USAID-financed goods and services. It is forbidden to purchase supplies or services from excluded entities listed in the following sites:

1. System for Award Management (SAM) (www.sam.gov);
2. Specially Designated Nationals (SDN) and Blocked Persons List maintained by the U.S. Treasury for the Office of Foreign Assets Control, sometimes referred to as the "OFAC List", <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>; and
3. United Nations Security designation list, http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

-----Middle of Page 46-----

4. Prohibited Source Countries, U.S. Economic Sanctions, U.S. Export Restrictions, and Other U.S. Legal Restrictions on Providing Assistance to Foreign Countries

Countries which are designated as "Prohibited Sources" are not included in Geographic Code 935. Geographic Codes pertain to procurement of goods and services, and are described in more detail in the standard provision entitled "USAID Eligibility Rules for Goods and Services"

{22 CFR 228 <http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR> and ADS-310 <http://transition.usaid.gov/policy/ads/300/310.pdf>.} A list of Prohibited Source Countries can be found at <http://transition.usaid.gov/policy/ads/300/310mac.pdf>. Geographic codes can also be viewed at <http://transition.usaid.gov/policy/ads/200/260.pdf>. Funds provided under USAID/OFDA awards cannot be used for the procurement of commodities and services from prohibited sources without specific written approval from the Agreement Officer.

Prohibited sources means countries to which assistance is prohibited by the annual appropriations acts of Congress or other statutes, or those subject to other executive branch restrictions, such as applicable sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). USAID maintains a list of prohibited sources, available in USAID's ADS-310.

OFAC administers U.S. economic sanctions against certain countries, entities, and individuals, which are listed at <http://www.treas.gov/offices/enforcement/ofac>. In some cases, it may be necessary for USAID and/or you to obtain an OFAC license. Applicants are reminded that U.S. executive orders and U.S. laws prohibit transactions with, and provision of resources and support to, individuals and organizations associated with terrorism. It is your legal responsibility to ensure compliance with these executive orders and laws.

Moreover, the U.S. Department of Commerce administers the U.S. Export Administration Regulations found in 15 CFR 730, *et seq.* Further information about export restrictions may be found at <http://www.bis.doc.gov/licensing/exportingbasics.htm> and http://www.gpo.gov/bis/ear/ear_data.html. It is your legal responsibility to ensure compliance with these regulations.

In accordance with 22 CFR 228.13, foreign government-controlled organizations (i.e., firms operated as commercial companies or other organizations or enterprises, including nonprofit organizations, in which foreign governments or their agents or agencies have a controlling interest) are not eligible as suppliers of goods or services unless otherwise approved in advance by the Agreement Officer. Government ministries or agencies of the cooperating/recipient country are eligible as suppliers of commodities and services including those at the regional and local levels, and government educational institutions, health care providers, and other technical entities of the cooperating/recipient country not formed primarily for commercial or business purposes.

-----Bottom of Page 49-----

H. Financial Documentation

1. Cost Sharing and In-kind Contributions

If applicable, give details of cost sharing (e.g., matching funds and in-kind contributions). {2 CFR 200.306, 2 CFR 700.1, ADS-303}. **Cost sharing must be reported in USD and not percentages.** USAID/OFDA will view cost-sharing and in-kind contributions favorably during the cost proposal review.

G. Budget and Program Revisions Requiring Prior Approval

Some activities require prior approval by the Agreement Officer. You can request approval of these activities as part of the proposal submission, reducing the need for administrative follow-up during post-award implementation. Refer to **2 CFR 200.308** for instances when an Agreement Officer's **approval** is needed. Costs that require prior approval are explained in **2 CFR 200.407**.

Common expenditures requiring prior approval **or consent** that may be included in a proposal include:

- Official international travel **consent** (defined as travel between two countries as a function of the award) **for meetings, conferences, and trainings outside of the host country**. USAID/OFDA is not required to give approval for entitlement travel such as rest and relaxation (R&R) and home leave travel so long as such travel is in line with your organization's published personnel and compensation manual. **Travel to project site from home of record and return to home of record at project end is considered "official business" and requires approval;**
- The sub-award, transfer, or sub-contracting of any work under an award, unless the activity is described in the application and funded in the approved budget of the award. This provision does not apply to the purchase of equipment, materials, supplies, or general support services; and
- Capital equipment, defined as any article of tangible, non-expendable personal property having a useful life of more than 1 year and a per-unit acquisition cost of \$5,000 or more.