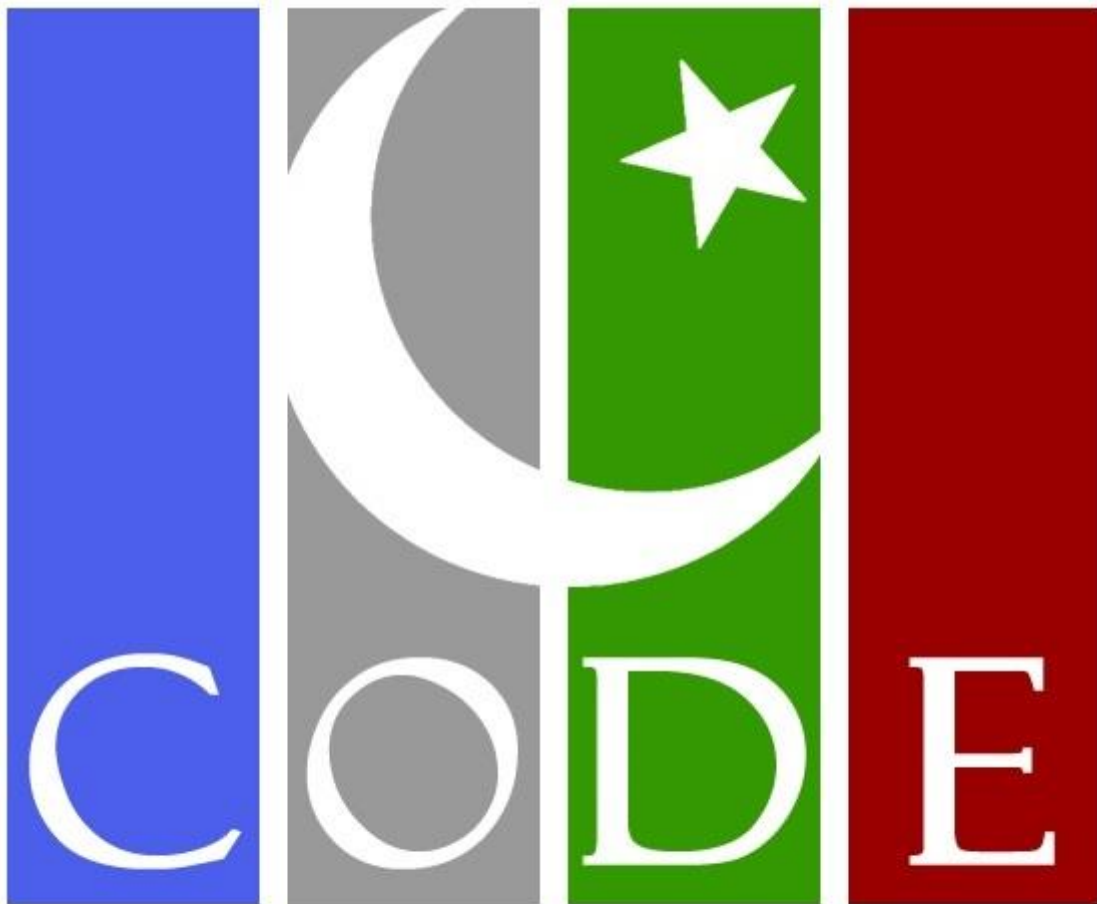


## **Downstream Partners Policy**

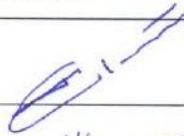

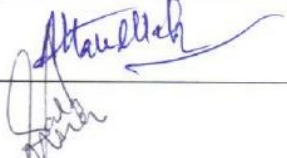


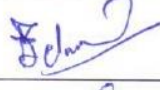



**CURSOR OF DEVELOPMENT  
AND EDUCATION PAKISTAN**

**CODE PAKISTAN  
Updated: June 2022**

In exercise of powers conferred upon it under Article 7(b) of the constitution of CODE PAKISTAN, The Executive Committee in its meeting held on 15 Jun 2022 agreed on and unanimously assented to the following Downstream Partners Policy for the Organization. The meeting was attended by:

**Signed by members of the Executive body, CODE PAKISTAN**

S. No	Name	CNIC No	Signature
1.	Dilawar Khan	61101-8303883-9	
2.	Aarish Ullah Khan	17301-3456349-5	
3.	Ataullah Khan	15307-5727433-1	
4.	Saba Imran	61101-0113786-6	
5.	Mohsin Ali Turk	16202-0886262-5	
6.	Adnan Iqbal	61101-4959483-3	
7.	Usman Ali Shah	17301-1091724-7	

## Table of Contents

<b>1.</b>	<b>BACKGROUND</b> .....	<b>1</b>
A.	Purpose of the Downstream Partners Policy.....	1
B.	Important Definitions .....	1
<b>2.</b>	<b>ROLES AND RESPONSIBILITIES</b> .....	<b>5</b>
A.	Individual responsibilities:.....	5
B.	Organizational Responsibilities of CODE PAKISTAN .....	5
C.	Grants Management Committee (GMC) .....	7
D.	Assessment Team.....	8
<b>3.</b>	<b>CONFLICT OF INTEREST STATEMENT</b> .....	<b>8</b>
A.	Organizations Eligible for Downstream awards.....	9
B.	Organizations Ineligible for Downstream awards .....	10
<b>4.</b>	<b>OVERVIEW OF DOWNSTREAM AWARD PROCESS</b> .....	<b>10</b>
<b>5.</b>	<b>IDENTIFICATION OF THEMATIC AREAS</b> .....	<b>11</b>
<b>6.</b>	<b>SOLICITATION</b> .....	<b>11</b>
A.	Preparation of Solicitation Documents.....	11
B.	Announcement of Solicitation.....	11
C.	Cancellation of Solicitation(s) .....	12
<b>7.</b>	<b>REQUEST FOR APPLICATIONS PROCESS</b> .....	<b>12</b>
A.	Preparation of RFA .....	12
B.	Advertisement for RFA.....	13
C.	Required Documents for Submission by Applicants.....	14
D.	Optional Orientation of Applicants .....	14
E.	Responding to Queries from Applicants .....	15
F.	Receipt of Applications .....	15
<b>8.</b>	<b>SELECTION OF SHORT-LISTED APPLICANTS</b> .....	<b>15</b>
A.	Review of Applications against Basic Qualifying Criteria.....	15
B.	Review of Applicants' Technical Applications .....	17
C.	Recommendation of Short-listed Applicants by the GMC .....	18
<b>9.</b>	<b>SELECTION OF POTENTIAL DOWNSTREAM AWARDEES FROM SHORT-LISTED APPLICANTS</b> .....	<b>19</b>
A.	Criteria for Evaluating Financial Applications .....	19
B.	Approval of Potential Downstream Awardees .....	20
C.	Inform Applicants of Status of Applications .....	20
<b>10.</b>	<b>CONDUCTING ORGANIZATIONAL RISK ASSESSMENT OF POTENTIAL DOWNSTREAM AWARDEES</b> .....	<b>20</b>
A.	Types of Assessment .....	20
B.	Purpose of Assessment.....	21
C.	Areas Covered in Organizational Risk Assessment.....	22
D.	Discussions with Potential Downstream Awardees .....	22
E.	Review of Organizational Risk Assessment done by Assessment Team .....	22
F.	Final Approval of Downstream Awards by the Donor .....	23
G.	Inform all Potential Downstream awardees of Selection Results.....	23

<b>11. ENTERING INTO DOWNSTREAM AWARD AGREEMENT WITH SELECTED DOWNSTREAM AWARDEE .....</b>	<b>23</b>
A. Drafting of Downstream Award Agreement .....	24
B. Finalizing the Downstream award Agreement .....	25
<b>12. DOWNSTREAM AWARD MANAGEMENT .....</b>	<b>25</b>
A. Post award Orientation.....	25
B. Downstream Award Period .....	25
C. Payments to Downstream Awardees .....	25
D. Monitoring of Downstream Awardees' Activities and Milestones or Results Achieved .....	27
E. Amendments/ Modifications to subawards.....	27
I. EXTENSIONS .....	27
II. BUDGET REVISIONS.....	28
III. PROGRAM REVISIONS.....	28
F. Termination or Suspension of Downstream Awards.....	29
G. Records to be Maintained .....	30
H. Dispute Resolution and Complaints .....	31
<b>13. DOWNSTREAM AWARD CLOSE OUT.....</b>	<b>31</b>
<b>14. EXCEPTIONS TO COMPETITION REQUIREMENTS .....</b>	<b>31</b>

## 1. Background

### A. Purpose of the Downstream Partners Policy

This policy describes the internal procedures, processes, criteria, and other requirements that the CODE PAKISTAN will follow in soliciting applications for downstream awards, training prospective applicants and actual downstream awardees, disbursing advances (if advances are authorized) and payments, tracking downstream award statistics, and closing out downstream awards. In addition, it includes descriptions of the interaction between the upstream partners, CODE PAKISTAN, downstream award applicants and downstream awardees.

The policies and procedures contained in this Policy are subject to change upon the approval of CODE PAKISTAN Executive Committee. Any questions regarding the policies and procedures should be directed to the President CODE PAKISTAN.

### B. Important Definitions

**Agent** - An Agent is the individual authorized to sign downstream award agreements for his or her respective organization. The Agent signing on behalf of a downstream awardee shall be hereinafter referred to as "Downstream awardee Agent". The Agent signing on behalf of CODE PAKISTAN shall be hereinafter referred to as "Agent."

**Available approaches for downstream awarding** - CODE PAKISTAN will position itself by investing time and resources in the planning of sub-awards. Priority areas will need to be defined for technical as well as geographical coverage. Clear program summary/ program description and technical evaluation criteria would need to be defined. Funds would be earmarked and communicated to applicants to keep the solicitations within reasonable thresholds. The Grants Management Committee will plan the awards process and set timelines. This is dependent on the provision of thematic areas and budget levels by the donor. A solicitation program will then be opened which could take up the following shapes. The below mentioned approaches could be used with variation in design for any type of downstream awards CODE PAKISTAN intends to make. Selection of mechanism will be governed by program specificity, timing, and magnitude of intervention:

1. *General Program Statements*: CODE PAKISTAN may announce general program support interests and funding ceilings planned for downstream awarding in the beginning of the quarter/year including technical and geographical areas with calendar of solicitation activities. Actual awards could be of any size and type, not necessarily small in amount.
2. *Specific Requests for Applications*: CODE PAKISTAN may announce specific Requests for Applications of any amount and type from the set of downstream award sizes defined in this policy.

Downstream awards may be awarded depending upon the identification and localization of technical needs. In case of downstream awards, cost share would be offered by the organizations in form of physical and institutional infrastructure. Downstream awards may also be awarded to commercial/educational institutions to support human capital development, as well as commercial organizations.

**President CODE PAKISTAN** is the overall person incharge of CODE PAKISTAN. President CODE PAKISTAN is the public face and voice of CODE PAKISTAN and in that capacity provides overall technical and administrative leadership and area-specific expertise. President CODE PAKISTAN serves as the primary liaison with the donor on contract management and technical matters and is primarily responsible for adjusting programs and operations in response to the donor's contractual or technical directions. President CODE PAKISTAN shall also ensure that technical assistance and expertise provided under the contract is timely, responsive, and of the highest quality.

**Competition** - It is CODE PAKISTAN's policy to provide for full and open competition through use of the competitive procedure(s) contained in this Policy that are best suited to the circumstances of CODE PAKISTAN action and consistent with the need to fulfill its obligations to donors/clients efficiently. *Full and open Competition* means that any type of organization or business will be permitted to compete for the planned downstream award (subject to the defined eligibility criteria and other restrictions of the solicitation). Besides that, *Limited Competition* may also be used with donor approval. This includes any other authorized method which would mean less than full and open competition. This will be marked for any downstream award action that will be solicited using less than full and open competition.

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

- Verification that the downstream awardee and key personnel are not on the UN's 1267 Committee List on Al-Qaida and the Taliban and Associated Individuals and Entities: <http://www.un.org/sc/committees/1267/consolist.shtml>
- Verification that the downstream awardee and key personnel are not on the United Nations Security sanctions committee website at: <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>.
- Verification that the downstream awardee is not on the list of Foreign Terrorist Organizations being maintained by US Department of state available at: <http://www.state.gov/s/ct/rls/other/des/123085.htm>
- Verification that the downstream awardee or any of its agent is not on the Schedules 2 and 6 of the Anti-Terrorism Act 1997 (amended in 2002)

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

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

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

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

**Potential Downstream Awardee** - This is an applicant whose financial application was evaluated with a score of at least 60 points and for which an organizational assessment is to be done prior to the final selection of downstream awardee for a downstream award.

**Short-listed Applicant** - This is an applicant that met all the basic qualifying criteria described in this policy and whose technical application was evaluated with a score of at least 60 points.

**Downstream Award Agreement** - It is the legal agreement that governs the purpose, permissible use, and allocation of funds awarded to any downstream awardee by CODE PAKISTAN. It also defines the role and responsibilities of the downstream awardee with respect to such downstream award.

**Downstream Award Applicant** (hereinafter referred to as the “Applicant”) - The Applicant is an eligible organization (passes eligibility criteria) that applies for downstream award funding in accordance with this Policy.

**Downstream Awardee** - An organization that has been awarded a Project downstream award.

**Tiers of downstream awards** - CODE PAKISTAN has three tiers of sub-grant awards: 1) under PKR 5,000,000; 2) PKR 5,000,000 to PKR 10,000,000; and 3) over PKR 10,000,000. Tier 1 awards are expected to be most frequent, and the approval process for such awards will be streamlined and kept as simple as possible. Tier 2 sub-downstream awards will be less common and will entail a greater degree of scrutiny and implementation oversight. Tier 3 sub-grant awards over PKR 10,000,000 will be approved by the donor in exceptional circumstances to organizations with demonstrated capacity.

**Cursor of Development and Education (CODE) PAKISTAN** (hereinafter referred to as "CODE PAKISTAN") - CODE PAKISTAN is an Islamabad-based not-for-profit organization that has been working since 2014 for promoting peace, prosperity, and development in Pakistan.



## **2. Roles and responsibilities**

### **A. Individual responsibilities:**

The following individuals or groups are involved in the downstream award process:

- President CODE PAKISTAN
- Vice President/Executive Director CODE PAKISTAN
- Director Programs
- Director Finance
- Grants Manager
- Monitoring and Evaluation Manager
- Grants Management Committee (GMC)

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

These roles are as follows:

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

### **B. Organizational Responsibilities of CODE PAKISTAN**

CODE PAKISTAN will perform the following activities through its various departments:

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

As a matter of developing resources, CODE PAKISTAN shall:

- Receive and establish application files for all downstream award requests that have been received in response to solicitations. CODE PAKISTAN will review and score all complete applications received from qualified applicants, make a funding recommendation, and submit summary assessment documentation to the donor. CODE PAKISTAN will correspond directly with unqualified applicants or those submitting incomplete applications advising them of the reasons their applications are not receiving further funding consideration;
- Prepare and submit the standard database file for all funded downstream award applications to the donor, and regularly verify the accuracy of the database entries;
- Undertake field visits to assess the organizational capacity of potential downstream awardees to perform the activities being proposed, and to assess their ability to control and account for any financial support that may be provided in accordance with the donor regulations. CODE PAKISTAN will also assess the viability and appropriateness of each application, employing standardized procedures that will include talking with principal stakeholders, including local government institutions and organizations, and potentially with other donors active in the area;
- Provide technical assistance to downstream awardees in developing financial and program management systems that will ensure downstream awards funds are being properly accounted for;
- Provide quarterly and monthly reporting of results of downstream awards, including progress of initiatives, achievements, problems encountered, proposed solutions and budget status to the donor;
- Upon approval, execute awards using funding provided under the program. Post-award, CODE PAKISTAN will be responsible for on-going downstream award management and oversight, ensuring to the extent possible successful project completion and financial accounting. Downstream award management will include project close out and submission of final performance and accounting reports;
- Security permitting, work with the awardees and the donor's representative to organize appropriate signing ceremonies and other public relations material to adequately publicize the downstream award program and the donor support being provided; and
- Assume responsibility for establishing coordination linkages with other downstream award-making organizations and donors to vet potential downstream awardees, avoid duplicate financing, and inform other potential donors of downstream awards being made under the program.

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

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

### **C. Grants Management Committee (GMC)**

The Grants Management Committee (GMC) reports to the President CODE PAKISTAN and is comprised of:

- a) Vice President/Executive Director
- b) Director Programs
- c) Director Finance
- d) Manager Grants (Non-Voting member for convening the meeting and record keeping)
- e) Manager Monitoring & Evaluation (Non-Voting member for convening the meeting and record keeping)

In limited cases, determined by the donor and the President CODE PAKISTAN, additional GMC members may be selected if required by the donor. The GMC composition is determined in a manner that allows CODE PAKISTAN the highest degree of openness and transparency and ability to recommend the most appropriate downstream awardees.

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

The GMC reviews and recommends the following to the President CODE PAKISTAN:

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

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

#### **D. Assessment Team**

The Assessment Team is comprised of the Grants/ Finance/ Compliance Officer and relevant Technical Experts.

The Assessment Team is responsible for the following:

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

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

### **3. Conflict of Interest Statement**

All the CODE PAKISTAN team members involved in the process must declare any conflict of interest, such as financial or personal interests in organizations that will participate in the competition for downstream award. A conflict of interest presents a risk that the individual's objectivity is impaired while performing their roles in the downstream award process.

An individual with conflict of interest must not participate in tasks such as recommending and selecting downstream awardees for downstream award.

## **A. Organizations Eligible for Downstream awards**

Applicants that are eligible to receive downstream awards from CODE PAKISTAN include national, regional, and/or local organizations working individually or in partnerships for joint implementation. Grants shall be awarded only to Pakistani entities. A brief description of potential downstream awardees is given below. Downstream awards to locally registered non-Pakistani entities may be approved under exceptional circumstances by the donor. The amount of such downstream awards shall not exceed PKR 10,000,000. Downstream awards of higher value may be approved under exceptional circumstances by the donor.

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

Potential downstream awardees could include non-governmental organizations (NGOs), community-based organizations (CBOs), policy think tanks, academic research and training institutes, professional/business organizations (PSOs), labor organizations as well as civil society/media partnerships. Because CODE PAKISTAN will be working to foster productive connections,

Government of Pakistan (GOP) entities (Federal, Provincial or lower) working on the “supply side” of the equation are also viewed as potential downstream awardees only when they partner with NGOs under Objective # 3 interventions.

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

CODE PAKISTAN’s priority is to work with organizations that possess the following general criteria:

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

- Credibility and proven relevant experience

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

## **B. Organizations Ineligible for Downstream awards**

Individuals and political organizations are not eligible for downstream awards under CODE PAKISTAN. State or governmental institutions and foreign-owned organizations are eligible only with prior written approval of the donor. General ineligibility criteria are:

- Must not be a public international organization;
- Must not be an entity directly affiliated with CODE PAKISTAN or any of its Directors, Officers or employees;
- Must not be in the various lists of Pakistan Government, and UN resources maintained for prohibited organizations or individuals (downstream awardee and key personnel);
- Organizations whose previous awards were terminated by CODE PAKISTAN or the donor on performance grounds; and
- Downstream awardee and its key personnel were never convicted by a court of competent jurisdiction in Pakistan for fine of more than PKR 50,000 or imprisonment or both. The objective is to avoid inclusion of organizations or individuals with proven track record of fraud and lack of fiduciary behavior.

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

## **4. Overview of Downstream Award Process**

This section describes the steps in CODE PAKISTAN downstream award process, from the solicitation to when the downstream award agreement is signed. CODE PAKISTAN selects organizations for award by utilizing a competitive, open and transparent process by using one or more of the following approaches. Any changes/ bypass in procedural steps or approaches delineated in this Policy are allowed upon recommendation of the GMC, approval of EC and the donor.

1. EC gives the directions for solicitations pursuant to the donor approval;
2. Targeted call for grant applications from potential organizations covering the priority geographical areas identified by the donor;
3. Optional pre-application clarification meeting;
4. Virtual Q&A sessions and posting of FAQs on project website;
5. Receipt of grant applications and their logging;

6. Sifting, evaluation (technical) of the applications submitted;
7. Short-listing of potential downstream awardees based on applications;
8. GMC review, President CODE PAKISTAN approval;
9. Instructions for rapid and detailed pre-award assessments as applicable;
10. Participatory organizational assessments (rapid assessment/ detailed pre-award assessments as applicable);
11. Assessment (scoring) of participatory organizational assessments/surveys;
12. Review of cost applications will be carried out for shortlisted applicants only.
13. EC vetting followed by the donor approval and final selection of the Downstream awardee
14. Negotiation with selected Downstream awardee; and
15. Downstream award agreement;
16. Periodic reporting of Downstream awards status to EC and the donor.

## **5. Identification of Thematic Areas**

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

## **6. Solicitation**

### **A. Preparation of Solicitation Documents**

EC gives the directions for solicitations pursuant to the donor approval. The solicitation documents will be prepared based on the thematic areas and funding levels. CODE PAKISTAN can take any of the solicitation approaches defined in Section 6 above. In cases where the intent is to invite the ideas from the interested parties in general thematic areas, a two-step solicitation process will be used to solicit applications with concept papers from eligible applicants followed by grant applications from shortlisted applicants in the given thematic areas. Similarly, where the program description is specific and the donor decides that CODE PAKISTAN should directly go for grant applications; a one-step process can be used to issue Requests for Applications (RFAs).

### **B. Announcement of Solicitation**

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

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

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

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

There are cases when full and open or even limited competition may not be possible. See Section 16 for exceptions to competition requirements.

### **C. Cancellation of Solicitation(s)**

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

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

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

The notice of cancellation must:

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

The Grants Manager must document the:

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

## **7. Request for Applications Process**

### **A. Preparation of RFA**



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

- Background information on CODE PAKISTAN
- Deadline for submission of applications
- Funding limitations and conditions
- Basic qualifying criteria
- Technical application guidelines
- Financial application guidelines
- Cost share guidelines
- Documents required to support meeting each criterion (basic qualifying criteria, technical and financial applications)
- Application evaluation criteria

## **B. Advertisement for RFA**

An RFA from potential organizations is advertised using different channels including the local newspapers, CODE PAKISTAN and the donor website, email list maintained by CODE PAKISTAN secretariat and other public options to maximize the outreach as defined in in this policy above.

The standard contents of an advertisement are:

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

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

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

### **C. Required Documents for Submission by Applicants**

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

- Technical application
- Financial application

In addition to the applications, applicants will be required to submit the following documents to support meeting the basic qualifying criteria and other documents for evaluating the technical and financial applications, as listed in the RFA:

- Copy of certificate of registration, charter, by-laws or founding agreement
- Evidence to support applicant's banking experience.
- Copy of the audited annual financial statements in the last two years, if available for CODE PAKISTAN's desk review.
- Latest organization chart for the whole organization that shows the position title and name of the person related to the position title. This will not be required for grants less than PKR 5,000,000.
- Resumes of key personnel.
- Past performance reports from donor agencies/clients.

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

### **D. Optional Orientation of Applicants**

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

- About CODE PAKISTAN
- Application requirements
- Deadline for submission of application and applications
- Outline of contents of the applications
- Technical application guidelines
- Financial application guidelines

- Application evaluation criteria
- Organizational assessment

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

## **E. Responding to Queries from Applicants**

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

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

## **F. Receipt of Applications**

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

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

### **8. Selection of Short-listed Applicants**

Applicants must go through a review and short-listing process.

#### **A. Review of Applications against Basic Qualifying Criteria**

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

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

The results of the review must show all applicants reviewed against each criterion, as stated above, with emphasis on those that met all the basic qualifying criteria; and must be supported by all documents submitted by the applicants.

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

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

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

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

## **B. Review of Applicants' Technical Applications**

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

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

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

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

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

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

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

The evaluation results must be documented. Such documentation must show all applicants reviewed against each criterion, as stated above, and the short-listed applicants; and must be supported by all documents submitted by the applicants.

The technical team should complete within one day or lesser the evaluation of one technical application.

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

### **C. Recommendation of Short-listed Applicants by the GMC**

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

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

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

The recommendation and approval process should be completed within five business days from receipt of evaluation results from the panel of technical experts. The documented results

of review against basic qualifying criteria and evaluation of technical applications and all relevant documents are forwarded to the Grants Manager and M&E Manager.

## **9. Selection of Potential Downstream awardees from Short-listed Applicants**

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

### **A. Criteria for Evaluating Financial Applications**

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

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

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

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

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

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

The Grants Management team submits the documented evaluation of all financial applications and relevant supporting documents to the President CODE PAKISTAN for review and approval of potential downstream awardees and onward submission to the EC.

## **B. Approval of Potential Downstream Awardees**

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

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

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

## **C. Inform Applicants of Status of Applications**

Potential downstream awardees and those that were not selected during the first and second qualifying rounds are informed in writing by the Grants Manager upon instruction of President CODE PAKISTAN. The Grants Manager will keep a list and President CODE PAKISTAN of such notifications on file. The mode of such information will vary depending on the number of rejections and availability of time. CODE PAKISTAN may only publish the list of successful applicants on CODE PAKISTAN website stating that organizations excluded from this list were unsuccessful. In cases where organizations demonstrated substantial value in their concept papers or grant applications, but have not been short-listed, they should be given feedback for improvement and encouraged to apply for next grant cycle under the same theme if repeated or a different theme.

Applicants who were not selected are informed of the reason/s for not passing the two qualifying rounds. The result may specify that an applicant did not pass the Compliance check.

## **10. Conducting Organizational Risk Assessment of Potential Downstream Awardees**

### **A. Types of Assessment**

CODE PAKISTAN performs the risk assessment of potential downstream awardees by way of performing a pre-award responsibility determination exercise. It has categorized the assessments according to the nature and size of downstream awards as follows:

	Type of assessment	Applicability
1.	Desk Review	For small and very straightforward type of downstream awards. These include performance-based training and advocacy activities for less than one-year duration. The



		estimated value of award could be up to PKR 5,000,000.
2.	Rapid Assessment	For relatively medium sized type of performance based downstream awards and with very specific interventions when the applicant has demonstrated ability of carrying out the intervention successfully in the past. The estimated value of award could be over PKR 5,000,000 and less than PKR 10,000,000. Estimated completion would also be within one year.
3.	Detailed pre-award assessment	These are formal detailed assessments and would be used for relatively larger and complex/ cross cutting interventions where estimated value of award would be over PKR 10,000,000 and the duration could be up to or over one year.

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

## B. Purpose of Assessment

The risk assessment is done to determine the risk level of a potential downstream awardee. The level of risk impacts the decision to downstream award or not or whether to consider the applicant as “required” organization; and determines which type of downstream awardee monitoring will be performed for a downstream award type.

The assessment categorizes risk levels into two: risk ranking as a result of the assessment and size of the downstream award, as follows:

### Risk ranking range

Level of Risk	Risk Ranking
Low	0 - 17
Medium	18 - 27
High	28 - 87

### Size of the downstream award

Level of Risk	Risk Ranking
Low	Under PKR 5,000,000

Medium	PKR 5,000,001 to 10,000,000
High	PKR 10,000,001 and over

### **C. Areas Covered in Organizational Risk Assessment**

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

- Inherent Risk
- Control Risk
- Reporting Capabilities
- Prior Experience Administering the donor awards or downstream awards

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

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

### **D. Discussions with Potential Downstream Awardees**

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

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

### **E. Review of Organizational Risk Assessment done by Assessment Team**

The GMC reviews the organizational risk assessment conducted by the Assessment Team and the relevant documents supporting the assessment. After the needed iterations of clarifications, the GMC makes appropriate changes to the assessment, if needed, and documents approval of the assessment results in a memo. The review should be completed within three days from receipt of assessment results from the [Assessment Team](#). After the final deliberations at GMC level, the President CODE PAKISTAN approves the selection and

takes it up to the level of EC. The EC's approval triggers the final selection of downstream awardee. The Assessment team also recommends payment mechanism for the downstream award i.e., advance or reimbursement.

## **F. Final Approval of Downstream Awards by the Donor**

The donor's designated official(s) (hereinafter referred to as "the donor") will take lead in the process at this stage. The donor will review all application summaries received from CODE PAKISTAN and CODE PAKISTAN's funding recommendations, and make a final determination to proceed with an award, or to deny an award to the applicant. The donor will directly communicate regrets to the unsuccessful applicants, also, an approval memorandum will be provided by the COTR for CODE PAKISTAN's further action with the selected downstream awardees.

## **G. Inform all Potential Downstream awardees of Selection Results**

Grants Manager will prepare a list of all unsuccessful potential downstream awardees which have been informed by the donor to be kept on file. If possible, copies of the regret notification emails will also be retained on file.

The selected downstream awardee is formally requested by the Grants Manager to accept the downstream award terms and conditions.

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

## **11. Entering into Downstream award Agreement with Selected Downstream awardee**

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

- Documented approval of selected downstream awardee by the donor.
- Documented vetting of selected downstream awardee by the EC.
- Documented approval of organizational risk assessment by President CODE PAKISTAN based on GMC recommendations - supported by documented organizational risk assessments/reports, all financial applications and relevant supporting documents (Second Stage GMC approval).
- Documented approval of potential downstream awardees by President CODE PAKISTAN based on GMC recommendations supported by documented evaluation of technical applications, results of review against basic qualifying criteria, evaluation of technical applications and relevant supporting documents
- Documented approval of RFA and RFA document itself.

- Documented basis for approving or not approving the concept note by GMC and concept note itself.
- Separate files about the solicitation, applications received, logged and initial shortlisting/ sifting, letters to successful and unsuccessful applicants, approval or denial letters to potential downstream awardees, minutes of GMC are also procurement documents which must be retained and maintained by the Grants team.

## **A. Drafting of Downstream Award Agreement**

The Grants Manager reviews the RFA to understand what aspects in these two documents need to be in the downstream award agreement. The Grants Manager also obtains the following required certifications from the selected downstream awardee:

- Certification regarding terrorist financing
- Certification regarding debarment, suspension, ineligibility and voluntary exclusion
- Certification regarding Narcotics offense and drug trafficking by key individuals
- Certification regarding Narcotics offense and drug trafficking by participants
- Certification regarding drug free workplace
- Initial environmental examination form
- Certification that the downstream awardee and its key employees have never been convicted by a court of competent jurisdiction in Pakistan.
- Declaration about the family relationships within management and governance structure of the downstream awardee organization.
- Certification regarding local cost financing.
- Certification regarding political leadership or management of downstream awardee and declaration for non-political use of downstream award funds

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

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

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

As a result of negotiations with the downstream awardee, any changes in the PS/PD or the proposed budget from the initial application must be documented by way of a negotiation memorandum and signed by both the Grants Manager and Technical Manager concerned. Such negotiation memorandum documents the differences between original and final application and reasons for these deviations.

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

The downstream award agreement must include all respective provisions related to management of the downstream award and approval requirements.

## **B. Finalizing the Downstream award Agreement**

Only after receiving the approvals of the selected downstream awardee from EC, the Grants Manager can pursue finalization of the downstream award agreement.

A downstream award agreement number is allotted to each downstream award and indicated on the agreement. The downstream award agreement is sent to the downstream awardee for signature and signed by the President CODE PAKISTAN after obtaining the downstream awardee's signature. The downstream awardee is provided a President CODE PAKISTAN copy of the downstream award agreement.

## **12. Downstream Award Management**

### **A. Post award Orientation**

All downstream awardees must be provided a post award orientation either individually or in groups as applicable and convenient immediately after the downstream award to bring them on the same page with respect to the provisions of the downstream award, the reporting requirements and expectations from the program.

### **B. Downstream Award Period**

The downstream award period is specified in the downstream award agreement.

### **C. Payments to Downstream Awardees**

A downstream awardee is reimbursed its costs based on milestones or results achieved. A certification of completion of milestones or results and documented evidence are submitted by the downstream awardee to CODE PAKISTAN when seeking reimbursement of its costs.

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

For advance payments, the financial report must be verified by the concerned technical department of CODE PAKISTAN and reviewed by the grants/finance team as applicable. The detailed review of the records of downstream awardees could be initiated depending on the nature and extent of expenditure reported. The decision to review the underlying financial records must be made with the approval of concerned Director and President CODE PAKISTAN. Downstream awardee should be informed about the review beforehand and results must be documented and communicated to the downstream awardee.

Similarly, for capacity building and ensuring compliance with the Downstream awardee Capacity Building Action Plan which is a part of the downstream award agreement, CODE PAKISTAN can initiate a field financial monitoring visit of the downstream awardee premises for review of its records and progress on the recommendations of the pre-award assessment. Although it is unconventional for deferred payment contracts but the objective here is to build capacity in previously identified areas. An engagement letter similar to pre-award assessment will be sent to downstream awardee in advance notifying about the review, areas covered, number of financial reports under review and timing of the review. A letter of feedback will be provided to downstream awardee based on the findings of the review.

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

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

- Downstream awardee's certification of completion of milestones or results

- Documented results of verification of downstream awardee's completion of milestones or results by a designated competent technical staff of CODE PAKISTAN
- Adjustment in costs if the agreed milestones or results were not fully achieved by way of modification/ amendment.

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

For all other purposes, the donor must be in the loop for a final decision related to relaxation or a legal action against the downstream awardee under the provisions of a downstream award e.g., suspension, termination, recovery etc.

#### **D. Monitoring of Downstream Awardees' Activities and Milestones or Results Achieved**

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

#### **E. Amendments/ Modifications to subawards**

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

##### *I. Extensions*

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

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

(a) Extension (time + funds)

If the extension being requested involves a request for additional funds, the request must be approved by President CODE PAKISTAN before submission to the EC and the donor. The request will be discussed at GMC and sent to President CODE PAKISTAN. It should include a detailed explanation of the need for extra funding and the reason for the time extension. Program team should circulate the extension request to all of the appropriate signatories. Once the request is approved, it can be submitted to the EC and the donor.

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

Once the written extension is received from the donor, the information should be shared with the Program Department and the concerned sub-awardee immediately.

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

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

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

This suspension of spending of subaward funds applies to all expenses by the sub-awardee and also stops any temporary advances, wire transfers, and any other reimbursements on the award as decided by President CODE PAKISTAN. This also applies to suspension on grounds of non-compliance, performance and convenience.

## *II. Budget Revisions*

The following process applies to all subawards. When required to seek donor approval for a budget revision, the review process will follow that specified for the cost extension and Grants Manager will keep track of the process, maintain documentation, and notify Finance Team, Technical Team, and M&E Team once the revision request has been approved.

The donor's written approval in advance is required for the following. This approval will be given by President CODE PAKISTAN as documented through the various meetings of GMC and EC, as applicable.

## *III. Program Revisions*

Approval must be sought from the President CODE PAKISTAN through GMC recommendation before any change from the agreed-upon deliverables occurs as indicated in the sub-award agreement.



Sub-awardee must seek prior written approval from President CODE PAKISTAN before any one of the following occurs:

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

## **F. Termination or Suspension of Downstream Awards**

CODE PAKISTAN reserves the right to terminate a downstream award, subject to the donor approval, as follows:

- For material failure - The downstream award may be terminated at any time, in whole or in part, upon written notice to the downstream awardee, whenever it is determined that the downstream awardee has materially failed to comply with the terms and conditions of the award. Termination should only be invoked when all other corrective measures have failed. If a downstream award activity is well designed, failure to achieve the objective will most likely result from either a wholly unanticipated event or condition (an invalid assumption) or negligence on behalf of the downstream awardee.
- With consent of the downstream awardee - the downstream award may be terminated, in whole or in part, with consent of the downstream awardee. Both parties shall agree upon the termination conditions, including the effective date and, in case of partial terminations, the portion of the downstream award to be terminated. The agreement to terminate will be in written form.
- Upon request of the downstream awardee - The downstream awardee may terminate the downstream award in whole or in part upon sending a written notice to CODE PAKISTAN. The notice must specify the reason for termination, the effective date, and, in case of partial termination, the portion to be terminated. If in the opinion of the CODE PAKISTAN a partial termination will mean that the purpose of the downstream award will not be achieved, CODE PAKISTAN may terminate the downstream award.
- When continuation is not in the national interest of U.S. Government - If at any time the donor determines that continuation of all or part of the funding for a downstream award should be suspended or terminated because such assistance would not be in the national interest of the United States, or would be in violation of an applicable law, the donor may instruct CODE PAKISTAN to suspend or terminate the downstream award in whole or in part on an immediate basis.
- Right of the donor to Supersede Contractor Decisions: Recognizing the paramount interest of the United States and the donor in grant-making, CODE PAKISTAN has agreed that the donor may, in its sole discretion, supersede any decision, act or

omission taken by CODE PAKISTAN in respect of any downstream award made by it, or proposed to be made by it, hereunder. Notwithstanding any other provision of this Policy and the prime contract, the donor retains the right, at all times hereunder, through the Contracting Officer, to (1) dictate a different decision with respect to the award or administration of any downstream award; (2) rectify an omission by CODE PAKISTAN with respect to the award or administration of any downstream award; (3) take over the administration of any downstream award awarded hereunder; and/or (4) terminate, in whole or in part, the CODE PAKISTAN's authorities under this Contract.

If any of the above conditions exits, the matter will be brought on the agenda of GMC and after discussions; a recommendation for suspension or rehabilitation would be made. President CODE PAKISTAN will have the authority to suspend the downstream award and the Grants Manager will communicate this decision to the downstream awardee by issuing a suspension notice. If termination of downstream award is considered due to any of the instances stated above, it should only be undertaken after a full discussion with the EC and with its written approval.

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

## **G. Records to be Maintained**

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

- All GMC, EC and the donor approvals.
- Downstream awardee Activity Completion Report and Downstream award Activity Completion Certificate accepted by the Technical Manager and supported by a checklist of items required for closing out a downstream award completed by Grants Officer
- Documented monitoring results (beneficiary selection; whether selected beneficiaries indeed participated in the activities; number of women who benefited from CODE PAKISTAN, etc.)
- Approved monitoring plan
- Documented verification of completion of milestones or results by CODE PAKISTAN technical staff
- Certification on completion of milestones or results submitted by the downstream awardee
- Signed copy of downstream award agreement and any modifications thereto
- Negotiation memorandum
- All invoices bearing technical and financial approvals

- All invoice review documentation.
- Any waivers received for the downstream award from the donor
- Calendar of reports due and when received
- All correspondence related to the downstream award – internal and external.
- Audit and evaluation reports as applicable.
- List of equipment/ inventory with the downstream awardee
- Close out checklist

## **H. Dispute Resolution and Complaints**

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

### **13. Downstream Award Close Out**

The Downstream award Activity Completion Certificate officially terminates CODE PAKISTAN's involvement in the downstream award activity and closes the downstream award activity file. The Downstream award Activity Completion Certificate is prepared only after the Downstream awardee Activity Completion Report has been submitted by the downstream awardee, reviewed by the Downstream awards/Grants Officer, and accepted by the concerned Technical Manager.

The Grants Manager reviews the Downstream awardee Activity Completion Report using a checklist of items required for a proper close-out. Another checklist is provided in the same annex which is required to be completed by the downstream awardee to ensure a proper close out of the downstream award.

### **14. Exceptions to Competition Requirements**

the donor will approve non-competitive awards based on one of the following exceptions:

- a. Follow-on downstream award agreements and amendments - A follow-on downstream award is a new agreement subsequent to the completion of an existing agreement for either the same activity or to further develop an existing downstream award relationship. A follow-on downstream award may be implemented through an amendment to an original downstream award or as an entirely separate downstream award. The follow-on exception cannot be used to continue a relationship with a downstream awardee that received a non-competitive downstream award based on the Small Downstream award exception.

The justification should indicate why the benefits of continuing the downstream award activity with the same downstream awardee exceed the benefits of a competitive process favored by Federal Law and Agency policy. Amendments which require justifications are

those which, for example, extend the life of the downstream award and simultaneously either increase the total amount of the downstream award or change the PS/PD.

- c. Exclusive or predominant capability – Competition is not required when a downstream awardee is considered to have exclusive or predominant capability based on the following criteria:
- Proprietary capability;
  - Specialized facilities or technical expertise; or
  - An existing and unique relationship with parties relevant to CODE PAKISTAN (e.g., business sectors, local government, etc.) or beneficiaries.

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

- d. Small downstream awards – These are downstream awards with an estimated total amount of PKR 2,500,000 or less and with a term of no more than one year. These awards may not be amended to either add funds beyond PKR 2,500,000 or extend the date beyond one year from the original date of the downstream award. A justification must explain how the proposed downstream award fits the exception.
- e. Limited competition – President CODE PAKISTAN, as directed by the donor, may authorize limited competition when it is necessary for reasons of efficiency. The written justification must describe in sufficient detail what other options were explored.
- f. Other exceptions – Specific blanket justifications for a particular purpose or period of time, for example, operational security.

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