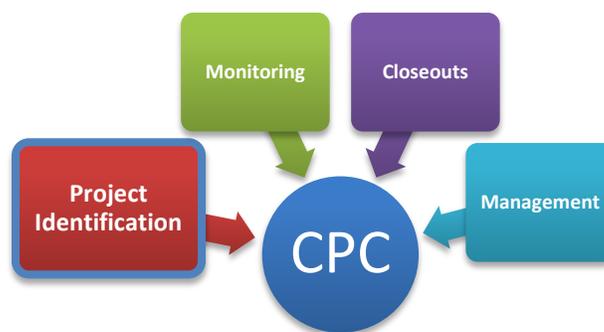


Project Identification & Screening

Objectives

- CPC will have a better understanding of their role in project identification and screening potential projects
- Field Office Staff and Partners will have better knowledge of ADF funding criteria



Course Content

1. Who Does ADF Fund?

- 1) ADF is authorized to make grants or loans to any African private or public entity engaged in participatory, self help projects at the local level.
- 2) ADF funds under-served and marginalized community groups and enterprises to undertake African-designed and African-driven solutions that address grassroots economic and social problems

2. What Types of Organizations are Funded?

- 1) AGRICULTURAL COOPERATIVES and SMALL-SCALE PRODUCER GROUPS: An organization formed by a group of small-scale farmers, artisans, or producers to achieve some or all of the advantages of large-scale marketing and production.
- 2) COMMUNITY-BASED ORGANIZATIONS (CBOs): An organization made up of a group of people who come together to accomplish a common goal or a set of goals tailored to meet the development needs of their community.
- 3) AFRICAN INTERMEDIARY ORGANIZATIONS (AIOs): An organization that works directly with very low-income people and marginalized groups
 - ADF prefers to fund the beneficiaries directly, but will fund them through an intermediary if the group is not formalized, lacks the capacity to

account for the funds, or if there is some other compelling need.

- 4) SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs): A registered enterprise that employs up to 100 workers, has annual sales revenues up to \$500,000, and has a business plan that impacts communities either directly within their enterprise or indirectly through supply-chain linkages.

3. What are the Eligibility Requirements?

ADF only funds groups that satisfy the following eligibility requirements:

- ✓ The organization must be 100 percent African-owned and managed.
- ✓ The organization must be a legally recognized African entity (or in the process of becoming legally registered).
- ✓ The organization must demonstrate that staff and/or members have successfully worked together and has the potential to productively utilize development funds.
- ✓ The ownership and management must be in agreement on the problem to be addressed and have a commitment to benefit their community.
- ✓ The organization must have basic functional management and controls to use and account for USADF funds.

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4. What other criteria apply?

ADF considers the following when choosing which applications to fund:

- 1) The goals of the project can be implemented realistically with ADF funds.
- 2) There are sufficient management, technical and financial resources available for project success.
- 3) The organization can demonstrate long-term viability after ADF funding ends.
- 4) The organization can meet all licensing/regulatory and environmental requirements.
- 5) The project has potential for broader replication.
- 6) The project is consistent with ADF's host country strategies and partnerships.
- 7) The level of funding from self and other sources (local, foreign, donors) committed to or available to the organization is neither excessive nor too low for the organization to maintain non-ADF-funded activities.

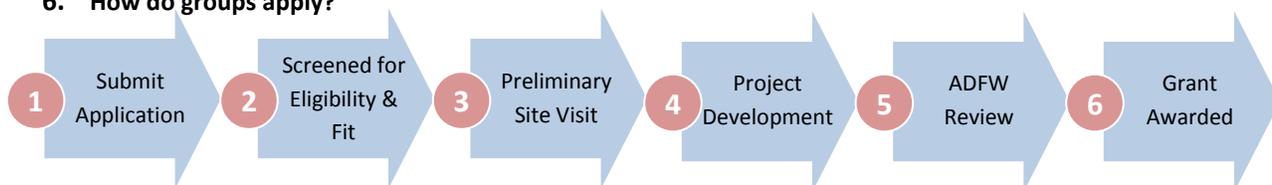
5. What Doesn't ADF Fund?

ADF does not fund:

- x government agencies
- x political parties
- x organizations that are not based in Africa
- x scholarships to individuals
- x organizations with non-host country nationals in key decision making positions
- x projects involving alcohol
- x purely humanitarian projects
- x construction of schools, clinics, or other non-income generating facilities (these may be included as an aspect of a larger project)
- x privately held companies that do not provide substantial, direct benefits to marginalized populations

- 1) Groups must fill out the ADF Grant Application and submit it to the ADF Field Office
 - ADF operates on the principle of responsiveness. It acknowledges that enterprises, organizations, and communities have the ability to identify their own development priorities and, with adequate assistance, design and implement projects that address them.
 - The original application must be the work of the applicant explaining the problem they've identified and the solution they want to implement with ADF funding.
 - Given the groups ADF works with and the ADF model of capacity building, very few project proposals are structured to best take advantage of the opportunities ADF offers before they go through the project development process.
 - Applications are available on the ADF website
 - The Field Office should also provide hard copy applications on request
- 2) Applications are screened for eligibility and fit with ADF funding criteria.
 - a. Groups should fill out the application as best as they can. Most do not contain the depth of information necessary for ADF to make a funding decision without CPC discussions with the applicant to better understand the content in the application. The CPC should call applicants or ask them to visit the Field Office to clarify.
 - b. If eligibility requirements are not satisfied, a notification letter should be sent to the applicant stating that the project will not be funded.

6. How do groups apply?



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- c. If eligibility requirements are met, the CPC should review the applicant against the broader ADF funding criteria. The degree to which the organization and project satisfy these criteria determines whether the CPC will recommend to the RPD to reject an application or continue the review process. Applications should be eliminated from further considerations if they fail to meet critical criteria or only marginally meet several criteria. Recommendations to the RPD should include notes on strengths and weaknesses of the applicant that informed the CPC recommendation to move to the next stage of review or reject the grant.
 - d. Applicants rarely fully understand what types of groups or projects ADF funds, so it's important to review applications with an open mind. For example, if a project scope is too large or too small, this can often be refined as part of the project development process and need not be a reason to reject an application outright. Look for applications with potential where the organization is a good fit for ADF.
- 3) Applicants that pass initial screening receive a preliminary site visit to gather additional information and determine if the project will be added to the Project Funding Pipeline.
- 4) Projects selected for the pipeline are handed over to the Partner so that the full project can be planned and analyzed. Projects not selected for funding are notified.
- 5) After project development is complete and the project fully reviewed by ADFW, the grant is issued and the project begins.
- Almost all projects that undergo project development with the Partner are funded within the fiscal year.

However, sometimes funding limits or other issues arise causing a delay in funding. In rare cases, the project development process uncovers problems that make it necessary for ADF to choose not to fund the applicant.

- Examples of reasons why ADF would choose not to fund a project after entering the project development stage:
 - * Applicant leadership is uncooperative
 - * Legal difficulties cannot be resolved such as conflicts over land ownership, inability to get documentation on existing loans, etc.
 - * Project development analysis shows there is no way to make the project viable

7. What is in the Application?

The application consists of 5 parts:

1) **Cover page with Basic Information**

- Group Name, Address, Type of Organization (cooperative, association, non-profit, for-profit, LLC, etc.), Organization Start and Registration Dates, and Contact Information
- Many sections of the cover page do not need to be filled in by the applicant. Those areas are marked with an "NA" and are to be filled in by the partner as the project is developed. These include: Funding Request values, Investment Type, Length of Project, Exchange Rate, Number of Employees and Suppliers.

2) **Organization Information**

This section focuses on understanding what the group does, who the group serves, what the leadership structure is, where their

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income comes from, and what their goals are for the near future.

- Information in this section should cover the organization as a whole, not the ADF project, and is included so that ADF can understand the starting point for the applicant as it pertains to their structure, scope of activities, and mission.

3) **Current Financial Situation**

This section provides information on the financial resources of the applicant, outstanding financial commitments, outside sources of funding, and if there are basic financial records and staff in place.

- ADF uses this information to ensure the applicant does not have excessive debt, does not have a pattern of over reliance on donors for regular operations, and to inform the level of resources that will be needed to build capacity and implement the project.

4) **Project Proposal Information**

This section details the proposed project including the problem or opportunity the project will address, how they plan to address it, what the applicant plans to contribute to the project, what results the organization is hoping to achieve, what other organizations will be involved, and how those associated with the organization will benefit from the project.

- ADF also asks how the organization identified the need for the project so that we can understand whether it was a truly participatory process or whether further review of the project needs to be done to confirm the project has buy-in from all major stakeholders.

5) **Support Documents**

- Budget
- Registration Documents
- Previous Financial Statements
- References

8. **What is the CPC Role?**

- a) Receives all applications
- b) Keeps project identification and screening records including:
 - (1) Status and communications log of all applications received
 - (a) Applicant name
 - (b) Date of contacts
 - (c) Method of contacts
 - (d) Status of application
 - (e) Reason for contact
 - (f) Follow up action
 - (2) original applications
 - (3) review notes or communications
- c) Responds to inquiries about how to fill out the application, the application process, funding opportunities, or ADF in general.
- d) Screens applications against ADF eligibility criteria
 - (1) Applications shall be screened in a timely, fair, transparent, and objective manner.
- e) Reviews all in-coming applications against ADF criteria and provides recommendation to the RPD on which projects should receive a further screening visit
 - (1) Within 45 days of receipt of the original application, the CPC is normally expected to complete all the aspects of the project screening, recommendation, site visit planning, and notification to applicants that will not be funded.
- f) Conducts preliminary site visits to projects
- g) Checks references
- h) Notifies applicants that are not selected for project development
- i) Manage Expectations: CPC's are expected to understand the ADF grant application and implementation process in order to manage the expectations of applicants. Always be clear that in spite of site visits and regular communication, groups are still in the application phase and that funding is not assured.

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9. Ethical Standards

It is critical that all participants in the application, project development, and project review and approval process are objective and transparent. Any real or apparent conflict of interest must be avoided. To avoid this, the CPC, Partner staff, and ADFW program team will notify ADF's General Counsel when:

- 1) An application is received from an organization in which a relative, current or former business associate, or friend is an officer, director, or employee or has a significant role in the proposed project; or
- 2) A proposed project would directly benefit a relative, current or former business associate or friend
 - The ADF General Counsel will advise on how to proceed with project identification, screening, and development in these cases

10. Does the Partner help?

- A. The Partner is not involved in the preliminary site visits or screening of projects.
- B. Once the RPD approves a project for development, then the CPC will hand the project over to the Partner. At that point the Partner is responsible for helping the grantee develop their original ideas into a well planned and analyzed project that meets ADF funding standards

11. What Happens on a Preliminary Site Visit?

The function of the preliminary site visit is to verify information in the application; further assess the viability of the project; review the technical, management, and financial capacity of the organization; and begin a more formal due diligence process.

- 1) CPC's are expected to use analytical skills to report vital information to RPD's that will inform their decision whether or not to develop a project.
- 2) CPC's conduct site visits in accordance with RPD instructions.

- 3) Use the **Preliminary Site Visit Report** to document the findings from the visit. The report should be submitted to the RPD with a recommendation to proceed to project development or reject the application. The report should include:

- *Primary beneficiaries* – who are the direct and in direct beneficiaries of the proposed project (i.e. association members, workers, suppliers)?
- *Marginalized population* – indicate the marginalized population being impacted by the proposed project.
- *Expected impact* – detail the projected outcome of the proposed project
- *Organization capability* – gauge group dynamics, management structure, technical capabilities, past performance, etc.
- *Financial management capabilities* – in comparison to ADF's minimum internal cash controls and reporting requirements
- *Legal situation* – look into ownership, citizenship, registration, land use permits, possible governance issues and discuss questions (if any) that arose from reference checks.
- *Environmental concerns* – using the ADF Environment and Safety Review (ESR) as a guide, look for any obvious environmental or safety related issues.

- 4) The site visit is also the time for ADF to begin collecting due diligence documents that will be necessary in the final project application. Some such documents include:

- Permits or licenses
- Registration
- Signed disclosure form
- Financial reports
- Lease agreements
- By-laws / articles of incorporation
- Land titles
- Shareholder agreements

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12. What is the Funding Schedule?

- 1) Applications are accepted and funded all year round.
- 2) ADF sets funding targets throughout the year to more quickly meet applicant needs and to even out Partner, Field Office, and ADF staff workloads throughout the year. There are four cycles during each fiscal year:

Cycle 1: October 1 – January 31

Grants totaling 10% of committed annual funding should be ready for obligation.

Cycle 2: February 1 – March 31

Grants totaling 30% of committed annual funding should be ready for obligation.

Cycle 3: April 1 – May 31

Grants totaling 60% of committed annual funding should be ready for obligation.

Cycle 4: June 1 – August 31

Grants totaling 100% of committed annual funding should be ready for obligation.

- Cycle targets were developed to encourage workload distribution over the entire fiscal year. CPC's must continually sort and screen applications so that projects can be properly reviewed by program staff in Washington and submitted for compliance review in order to meet cycle targets.
- 3) Project should be identified and screened **3 – 6 months before** each cycle deadline in order for ADF to meet the targets.

13. How Does ADF Plan the Funding Schedule?

- 1) **Annual CPC Plan:** The CPC works with their RPD to establish an annual plan for identifying projects. The plan should include:

- Specific ideas for which marginalized populations to fund and how to identify new groups to fund
 - A travel schedule for screening projects and outreach activities
 - A target number of applications to screen each cycle
 - A target for the number of projects accepted for project development each cycle
 - A target for how many large grants and how many small grants will be funded in the year
- 2) **Project Pipeline:** is used to track projects that are appropriate for funding as they move through project identification, development, and approval. It tracks when the:
 - (1) Project is approved by the RPD for development,
 - (2) Project packet is submitted to ADF for compliance review, and
 - (3) Grant is awarded to the grantee
- The Pipeline is reviewed by all program staff and ADF's President every other week.
 - The Pipeline is used for work planning in ADFW support departments including Business Operations, and other departments involved in compliance review.
 - The projects listed on the Project Pipeline are based on the work of the CPC, but schedules for the application at each stage are usually determined by the RPD and Partner.
 - It is common practice to have a full pipeline by January (the exact schedule is determined by the RPD)
 - (1) A full pipeline is one with enough projects to meet the country funding target for the fiscal year

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- (2) Pipelines are often adjusted to accommodate changes throughout the year as projects are removed because they are delayed or not viable and replaced with new ones

14. How Does ADF Find Applicants?

- 1) ADF does not directly solicit applications.
- 2) Based on the CPC work plan developed with RPD's, outreach activities may take place to publicize ADF's country program which too may result in new applications.
- 3) Identify marginalized groups in-country
- 4) Find out who is working with them- other donors, gov't ministries, buyers, or other individuals that can put you in contact with the community
- 5) Inform community leaders or organizations about the opportunities ADF provides
- 6) Find out what people are doing and give them a sense of what projects would be a good fit for ADF
- 7) Applicants also access information on ADF in a variety of ways:
 - Word of mouth – Most often, applicants learn about ADF through their local networks, friends, and family.
 - ADF Field Office or Partner- Some applicants contact the Field Office or Partner directly. The Partner should direct any inquiries to the CPC. The CPC should have copies of the application on hand.
 - ADF Website – the application can be found on the website in English and French.

- Professional Organizations, Donors, or Government– Community groups often seek resources from associations or ministries active in their economic sector or from other donors they come in contact with. These groups often direct funding inquiries to the ADF.

15. Advice From the Experts

- ADF does not penalize applicants who are receiving funds from other donors as long as the project compliments activities funded by others and the organization is moving towards sustainability.
- An applicant with many donors or other fund sources can be a sign that either the applicant is not truly marginalized or that they are not focused on longer term sustainability for their core operations.
- Be creative and realistic when reviewing applications. Look for potential and listen to the applicant well to find out how they might make the most of a relationship with ADF.
- As a courtesy to applicants not selected for funding, the CPC may want to provide a list of other funding options that the applicants can pursue.

Handouts

USADF Funding Application
Preliminary Site Visit Report form
Sample Preliminary Site Visit Report

Sample Biweekly
Sample Notice Not To Fund
Sample Application Register