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# **Mapping of Donors' Conditions and Requirements for CSO funding**

**Final report**

**2010-05-23**

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# 1. Introduction

## 1.1 Background

The Donor Group on Civil Society and Aid Effectiveness consists of 13 donor agencies. Since 2009 it is involved in a multi-stakeholder process on civil society development effectiveness and enabling environment, in line with the recommendations of the Advisory Group on Civil Society to the High Level Forum in Accra 2008. The group of donors has decided to learn from each other on how they support civil society and to initiate common actions to improve the support. Different donors are taking the lead in such jointly decided action points. Sida has taken the lead in initiating a mapping exercise of donor conditions and requirements, aiming at identifying possibilities for harmonization. The findings shall be presented and discussed in a Donor Group meeting in April 2010. Cecilia Karlstedt Consulting AB was contracted by Sida to undertake the survey and holds the full responsibility for all conclusions and recommendations in the study. The survey was conducted during February to April 2010.

## 1.2 Purpose

According to the Terms of Reference (Annex 1) the aim of the study is to identify areas where donors can harmonize conditions and requirements for its CSO-funding regarding reporting, monitoring, evaluation and audit, in order to improve conditions for donor coordination. **The intention is to improve CSOs' possibilities to coordinate their support from different donors and lessen their administrative burden, in line with donor obligations as part of the Accra Agenda for Action.**

## 1.3 Method

### Delimitation

To make data comparable between the donors the focus is on one funding modality only; multi-year funding from the donors' CSO divisions to large CSOs based in the donor countries. This type of funding to strategic CSOs are called differently by the donors; Framework Agreements, Partnership Programme Arrangement, Voluntary Sector Programme, Multi Annual Programme Scheme etc. In this study this type of CSO is throughout called "the recipient organisation". Most donors have also one or several project funding modalities for CSOs in their own countries. Such schemes are *not* included in this survey.

### Respondents

11 of the 13 members of the Donor Group participated in the survey. These are: Sweden, Denmark, Norway, Finland, UK, Ireland, The Netherlands, Belgium, Austria, Canada and the US. The EC does not have any funding matching the decided modality and hence did not participate. Switzerland decided not to participate due to time constraints. The US was unable to complete the survey but it was decided to include their partial contributions.

## Approach

The survey was conducted in three parts. The first part involved developing a questionnaire for mapping the donors' conditions and requirements for this type of CSO-funding. The questionnaire also aimed to clarify which of the conditions and requirements the donors were legally bound to. A draft questionnaire was initially developed based on Sida's framework agreement template and instruction for CSO funding. To ensure relevance for all donors, a few donor web pages were studied, six CSOs were consulted (three Swedish, one British, one Austrian and one Canadian) and the draft questionnaire was submitted for referral to all donors in the Donor Group. The main comments from the consulted CSOs were that they appreciated that harmonisation of donor conditions was seriously on the agenda and that the extensive complexity of donors rules and regulations is finally discussed and, hopefully, revised. Half of the donors forwarded comments, clarifications and suggested alterations. The questionnaire was thereafter submitted to the 13 donors together with an instruction for how to complete it. The donors were requested to consult with their legal advisors regarding the legal status of the conditions and requirements.

The second part of the survey was the data collection. A telephone meeting was conducted with each donor shortly after receiving the completed questionnaire. The interviews aimed to ensure that the donors had completed the questionnaire for the intended modality, check contradictory data and gain a deeper understanding of the donor's requirements. Some data was corrected during and after the interviews. In many cases the interviews were group interviews with several of the officers who had responded in the questionnaires (Annex 2). The answers from the questionnaires were compiled into one matrix (Annex 3).

The last part of the survey involved analyzing the data, drawing conclusions, writing the report and presenting the findings at a meeting of the Donor Group in Brussels.

## Point of departure




Our point of departure for the analysis is that the material contains two types of data; requirements related to *administration* of support and requirements related to the *content* of the collaboration. The requirements that relate to the content of the collaboration are aspects such as policies to follow, thematic priorities, crosscutting areas, requirements when selecting partners etc. Such requirements will always vary between the donors and should do so, as they promote plurality of civil society, which is good for civil society per se. Hence we do not encourage or foresee donors to harmonise such conditions. The information collected provides a background and a good basis for the donors to identify likeminded in the group.

The majority of the requirements however relate to *administrative dimensions* of the collaborations, once the donors have already decided which organisations they intend to have a close relation with (based on common values, principles, thematic areas etc.). It is at this stage, where several donors might support the same organisations when coordination of administrative requirements could do miracles for easing the administrative burden on CSOs. It would reduce the amount of donor-specific management and make it more possible to produce documents (applications, financial reports, audits etc.) that could be accepted by several donors. The assumption is that the conditions placed at the recipient organisations (i.e. the strategic partners to the donors)

trickle down through the system of implementation to local partners in the developing countries. A local partner having ten agreements with such northern CSOs thus has ten sets of donor conditions to relate to. It is particularly this situation that needs to be changed in line with the commitments in the AAA and the Paris Declaration. However, the same situation of inefficiency can be applicable for an international secretariat of a global CSO with separate country branches forwarding funds to it and a recipient organisation having several donors as funding is becoming more global. The study has shown that the assumption of conditions carried forward through the chain of collaborations is true for the majority of donors but not for all, as not all donors require the conditions to be carried forward.

We have tried to take an approach where as many donors as possible are encouraged to jump on a common boat wherever they can, and if not possible, they should not be blamed for that. We foresee a gradual process of harmonising conditions within the donor group. Some steps that would be desired simply might not have the political support required in the specific donor country to embark on them.

When analysing the results we have used a scale of three levels:

	Easy areas	All donors are more or less requiring the same already.
	To negotiate	It seems possible to agree, but the donors need to negotiate as the requirements differ.
	Difficult areas	The requirements differ substantially, there are legal constraints or strong positions which vary between donors that will make it more difficult to harmonise the condition.

It was part of our assignment to provoke discussion to make recommendations towards what, in *our opinion*, would be a good common condition. Such recommendations are to a great extent based on our knowledge and opinions on how to interpret the Paris Declaration principles and the reinforced commitments of the AAA in relation to civil society, particularly to strengthen local ownership. They are marked in *italic*.

#### *Legal constraints*

The donors were asked to consult with their legal departments to identify if some of the requirements placed were due to national legislation. It proved to be difficult to identify a clear line from legislation, via donor policies and internal guidelines to the specific requirements since the legal acts are on a much more general level. It is mainly in the areas of procurement and auditing where this link is more obvious. In some countries it was also difficult to state what is meant by “national” legislation, as it can be on several levels (federal, congress, decrees/instructions governing public authorities). Thus it has not been possible to clearly identify many conditions which are directly linked to national legislation.

## **The structure of the report**

The next chapter analyses the answers from the donors and identifies areas where harmonisation of conditions will be fairly easy or where it will require more efforts. The analysis follows the order of the result matrix in annex 3 to facilitate comparison with data. Each area ends with conclusions. The analysis is on an aggregated level. Should one be interested in finding answers for one particular donor this information is available in annex 3. In the last chapter we provide recommendations to the donor group on how to proceed.

## 2. Analysis and Conclusions

### *Compiled data*

Annex 3 contains a matrix with all donors' answers regarding their requirements and conditions. To have this information compiled in one document is an important result in itself of the study. Not only does it make it possible to identify areas for harmonisation of conditions, it also facilitates for the donors to compare with likeminded to find areas for possible joint actions. It is also a useful source of information for CSOs to compare what different donors require.

### 2.1 General Conditions

#### *Different donors – different approaches*

When analysing the data from the eleven donors it is apparent that the donors differ in their approaches towards their relations with the recipient organisations. The most striking difference is whether the focus of the relation is on what the organisation delivers, the results, or on how the organisation shall work. UK and to some extent the Netherlands have taken a conscious stance to not take over ownership aspects from the recipient organisations and hence place few, but very precise conditions. Most other donors do, to a different extent, prescribe conditions for how the organisations shall operate, thereby not fully allowing the organisations to be actors in their own rights. The degree of micro management varies within the group. Some donors *expect* a lot from the recipient organisations, but are not very clear in stating their expectations. Others have very detailed instructions. A general observation is however, that the donors are more similar to each other than different.

#### *Implementation model*

It varies among the donors if the recipient organisations are shall work through a “chain of CSOs”, work directly with a local partner or work directly with the target group. It depends of course on the chosen implementation model at which levels the donors place conditions. In this study we include four levels of organisations. Not all donors are expecting work through all four levels. The following models are found:

Recipient organisation (umbrella) ⇨ National CSOs in the donor country ⇨ Local Partners

Recipient organisation (country branch of an international organisation) ⇨ International Secretariat  
⇨ Local Partners

Recipient organisation ⇨ Local Partners

Recipient organisation ⇨ the Target group

*Throughout the study we use the following terminology for the four categories of organisations referred to:*

Recipient organisation

The CSO in the donor country which is the contractual partner to the donor and receives multi-year support

National CSO	A CSO in the donor country which receives funding from the recipient organisation through an umbrella model.
International secretariat	The head office of an international CSO which the recipient organisation belongs to.
Local partner	The organisation in the developing country receiving support from the recipient organisation or through the chain of collaboration.

### *Steering policies*

The donors' CSO policies are the most commonly applied policy document. Most of the donors expect the support to be in line with their CSO policy. Should the donors' CSO policies differ a lot this will pose difficulties for CSOs receiving funding from several donors. It is however part of reality that different donor will always have different priorities and CSOs will have to identify donors with whom they have common interests and shared values. About half of the donors also expect the CSOs to work in accordance with one or more of either their respective country strategies, the Millennium Development Goals (MDGs) and National Development Plans of the countries in question. Only UK and the Netherlands allow the recipient organisations full flexibility to define their own programmes and are cautious not to regard them as implementers of their programmes.

### *Thematic priorities*

Half of the donors do not specify any thematic priorities within which the CSOs need to operate to have possibility to access to funds, while the other half are divided among the thematic priorities suggested in the questionnaire. Initially a recipient organisation approaches donors with common priorities as its own. However if the donors have many thematic priorities or cross cutting areas it will ultimately drive a recipient organisation towards more sprawling areas of operations with increased numbers of donors. When donor priorities change – which they do - it will further reinforce such a process of driving the recipient organisation into priorities it may not have made itself. The donors thus need to be cautious of this if they intend to be serious about respecting demand driven, locally owned programming.

### *Eligible CSOs*

It is apparent that there already has been harmonisation in terms of defining CSOs. Most of the categories suggested in the questionnaire are accepted by the majority of the donors facilitating for recipient organisations to work with partners who suits them.

### *Local priorities*

Most of the donors are stipulating that the support shall be used based on the local partners' defined priorities and be used for their own defined capacity building. This fundamental principle for local ownership might however in real terms be jeopardised with requirements regarding alignment with steering policies and crosscutting issues.

### *Local CSOs' roles*

Four donors define that local CSOs are eligible for support in certain roles in the development work, such as demanding accountability, providing civic education, providing if social services, etc., in their countries, while seven of the donors do not



define eligible roles. The first group of donors is mainly interested in supporting local CSOs using a rights based approach. A third of the donors are open to local CSOs being involved in delivery of social services.

## **Possible areas for harmonisation**

### *Memorandum of Understanding (MoU)*

All donors except for the US, state that they are able to enter into joint MoU:s with other donors for pooled funding. Some are already doing it, while others have not yet tried but see no formal constraints to it. To be able to come together around a CSO and agree on common conditions and requirements is a fundamental principle for increased donor coordination of CSO-support. However we do not encourage pooled funding for one national delivery mechanism for CSOs, as it goes against the principle of the diversity of civil society.

### *Type of support*

All donors support the recipient organisations' programmes. The majority are open to core funding support to local CSOs (budget support) and are supporting networking activities. There seems to be great consensus about these types of support.

### *Form for identifying local partners*

Most donors (except UK, not wishing to direct the recipient organisations) promote that the recipient organisations identify their own partners and develop a partnership relation. Only US require open bidding processes and are bound to this by their legislation.

## **Difficult areas for harmonisation**

### *Funding periods*

The length of the funding periods varies greatly among the donors; from one year to six years, although only two donors have shorter funding periods than three years. There is a variation in when funding starts and ends causing a lot of problems for the recipient organisation and their partners. As donors have different funding periods it means that if the organisations have several donors, they have to work more or less every year with new applications and reports. Only Denmark is bound by external demands (its Finance Bill) to one year funding periods. It would be a great improvement to agree on a common funding period but this would require negotiations among the donors. *We would recommend* the donors to agree on longer periods as it facilitates a results focus e.g. four or five years.

## **Conclusions**



### **Easy areas**

In the following areas the donors are already applying similar requirements and no difficulties for further harmonisation are foreseen:

- Eligible types of support to the recipient organisation (programmes, core funding, networking)
- Forms for identifying local partners (partnerships)



### **To negotiate**

The following areas are possible for greater harmonisation but they will require more efforts:

- Enter into common MoU:s
- Harmonisation of funding periods where four or five years seems to be possible



### **Difficult areas**

In the following areas the donors are still far away from each other and it might therefore be difficult to harmonise:

- Move towards a clearer and stricter focus on achieved results, and thereby putting less focus on controlling the recipient organisation. An initial assessment of its internal systems would be a precondition for such a move.

## **2.2 Eligible Costs**

### **Possible areas for harmonisation**

#### *Operating costs*

All donors are supporting operating costs both within the recipient organisation and in the local partners. Those who support an implementation model where funds are channelled through other national CSOs also support operating costs at that level. It is mainly at the level of international secretariats, receiving funds from country branches, where the donors differ. As half of the donors are supporting this level the donors could look into if a move towards greater harmonisation would be accepted by the rest to support operational costs for development work within international secretariats as well, when applicable and found relevant.

The definition of what constitute an operational cost differs among the donors. UK provides completely *unrestricted funding*, which the recipient organisation is free use for whatever purpose it finds appropriate, as long as the organisation delivers the expected results. About half of the donors leave the definition work to the recipient organisation, with the restriction that it should be directly related to the development cooperation work. The other half define cost categories considered as operating costs. Greatest coherence is in personnel costs. Running costs/overheads within the local partner are defined by four as operating costs.

The local partners' overheads, audit costs, the recipient organisation's quality assurance work, salaries of administrative staff and travel costs are categories of *operating costs* which overlap with some donors' definition of *administrative costs*. Investments (depending on type and scale of investment) are considered by some as an *operating cost*, some as an *administrative cost*, and are also among the *ineligible costs* of several donors. There are thus grey areas between the cost categories which would be useful to sort out.

The most possible way to harmonise operating costs would be to follow the more flexible approach which some of the donors already have applied. They do not stipulate eligible cost categories but allow the recipient organisation to define which costs are directly related to its development cooperation.

#### *Administrative costs*

All donors support administrative costs within the recipient organisation. A majority also support administrative costs within the local partners. However, the donors tend to avoid *defining* what should be considered as administrative costs. The approaches vary from UK's unrestricted support, to undefined but restricted support (four donors), defined functions related to managing the grants (four donors), costs that are *not* programme specific (one) and negotiated administrative costs based on an actual budget (one). In cases where costs are listed, there is an overlap both with defined operating costs and ineligible costs, as already stated above. Also, as pointed out above, a grey area is if local partners' overheads should be considered as operating costs or administrative costs. A way forward towards a common definition of administrative costs would be if more donors could agree on using one of the approaches above. *We would recommend* the donors to use "undefined but restricted support", i.e. using a fixed percentage for administration but not defining which cost categories it can cover.

Most donors have a fixed percentage contribution for administrative costs calculated on the total support. The percentage for these are 10% or below of the total financial support (average 8,2%). As the variation of the percentage is marginal seems possible for the donors to agree on a common percentage for administrative costs.

#### *Travel costs for local partners*

About half of the donors do not have any requirements for how travel costs of local partners should be regulated, while the other half do. Some follow government regulations of the developing country and a few of the donor country. Should it be regulated, it is proposed that the government regulations of the partner country should be applied, but we would recommend the donors to discuss if it would be possible to take away this rather detailed regulation and trust the recipient organisation's system.

### **Difficult areas for harmonisation**

#### *Administrative costs at other levels in the chain*

Only a few donors are supporting *administrative costs* in national CSOs and in the international secretariats even if they apply these implementation models. It is therefore concluded that accepting administrative costs at these levels is less of an option and will require negotiations.

#### *Ineligible costs*

Most donors define costs that they consider ineligible. The list of defined costs is long. The only cost categories which are common for several donors are large-scale investments (buildings, land large capital expenditure) and fundraising. Sweden states that it is bound by legal constraint to define large-scale investments as ineligible. Two cost categories stand out as somewhat odd; fact-finding missions to find new partners (Sweden and Austria) and capacity development of recipient organisations (Canada). Possibly such costs could be reconsidered and the list somewhat streamlined. Due to the

scattered answers it is however considered more difficult to harmonise the types of ineligible costs.

## Conclusions



### Easy areas

- Agree on a common percentage for administrative costs.



### To negotiate

- Support, when applicable and found relevant, operational costs at the level of international secretariats.
- Allow the recipient organisation to define operational costs related to its development cooperation.
- Agree on if local partners' overheads shall be considered as operating costs or administrative costs.
- Agree on a common approach for how to define administrative costs.
- Consider removing regulations for travel costs of local partners.



### Difficult areas

- Agree to accept administrative costs at *all* levels of implementation, including the international secretariats.
- Agree on costs categories to be considered as ineligible.

## 2.3 Contractual Requirements

### Possible areas for harmonisation

#### *Responsibility of the recipient organisation*

Most donors require that the recipient organisation shall ensure that its immediate partners and further organisations down the line of collaboration *abide to the requirements* which the donor demands of the recipient organisation. The same group of donors also holds the recipient organisation responsible for ensuring that sufficient *systems* for management and control exist throughout the line. These are strong statements which are not always consistently followed through by all donors as we look into specific conditions further on in this survey, e.g. auditing. The two donors with very flexible approaches (UK and the Netherlands) are concerned about existence of control systems only at the time of approving the recipient organisation. However, most donors are having a common approach for demanding accountability by placing the demands on the recipient organisation. It seems possible to agree on that it is the responsibility of the recipient organisation to ensure accountability in the system.

### Difficult areas for harmonisation

#### *Sub-agreements*

A majority of the donors require that the recipient organisation shall regulate the relation with its immediate partners through written contracts/agreements. Half of the donors require that such sub-agreements include the donor's conditions for financial reporting and auditing. The Nordic donors together with Canada go further and require that the relation between *all* collaborating partners in the chain should be regulated by written sub-agreements.

On the other side, a group of donors expects the recipient organisation to have sound and proper relations with its partners, but do not wish to stipule *how* the relation is regulated. Both of the groups are quite firm on its respective approach. It is therefore foreseen that it will be difficult to harmonise the requirement of having written agreements in all links in the chain within the donor group. *It is our opinion* however that written agreements promotes accountability as responsibilities are clarified.

## Conclusions



### Easy areas

- Agree that the recipient organisation is responsible for ensuring accountability between all partners in the chain of collaboration and for the existence of proper management and control systems throughout.



### To negotiate

- None



### Difficult areas

- Agree that the relations between the recipient organisation and its partners and relations further down the line of collaboration should be regulated through written sub-agreements.
- Agree that the donor's requirement for financial management and control on the recipient organisation should be carried forward in such agreements.

## 2.4 Applications and Budgets

### Possible areas for harmonisation

#### *Instructions for application/proposal*

All donors have instructions for what should be covered in the applications from the recipient organisation. Headers or areas that should be elaborated in an application are to a vast extent the same for all donors. There are issues such as:

- a results or performance framework using the logical framework approach
- to present its systems for PME
- to elaborate aspects for local ownership
- to describe the programmes
- to include the audited annual financial statement

But there is also quite a consensus on issues like:

- a clear timeframe
- criteria for choosing partners on the next level
- division of responsibilities
- how the programmes relates to the MDGs

It seems to be possible for the donors to agree on common sub-headings or a common instruction for the applications, not stipulating a fixed format but rather agreeing on what should be elaborated in a good application.

## **Difficult areas for harmonisation**

### *Format for applications and budgets*

The flip side of the ‘possible-coin’ is a bit difficult. Donors in general (eight out of 11) do not only ask for certain information. They also ask the recipient organisation to use a specific *application format*. Hence, donors want more or less the same information, but each one wants it to be presented in a different format, one for every donor. Half of the donors also request that the recipient organisation uses a specific *budget format*.

### *Crosscutting areas*

The majority of donors want applications to relate to different so called crosscutting areas. These areas vary between donors and depend on strategies, policies and priorities and are likely to remain so.

If an agreement can be reached on common areas to elaborate in an application, it can also be mentioned that thematic priorities or crosscutting areas should be elaborated according to each donors’ priorities. The donors should try to avoid a list of all *possible* crosscutting areas. Central in the application is a clear results framework. A likewise central document would be the recipient organisation’s strategic plan, which few donors ask for today. If a decision can be made among donors to include the recipient organisations’ own strategic plan, different donors could assess if prioritised themes are addressed in a satisfying way for them in it. This would be a good way to handle thematic priorities and crosscutting areas. The strategic plan is already the basis for application to UK. This approach would be a good solution in harmony with the ‘Alignment-principle’. It is however clear that the majority of donors have a long way to go before this will be possible.

### *Currency of budgets*

Because of regulations, all donors want the budgets to be made in their own national currency. It should however not be a problem, as the donors easily convert between currencies.

Most donors do not regulate how currencies shall be converted to local currencies, just one has such rules. In the spirit of this effort to harmonise donor conditions we encourage all to abolish this type of regulation. It is likely that over some time, with the fluctuations in exchange rates it will even itself out.

## Conclusions



### Easy areas

- Agree on common, mandatory *issues* (not a common format) to be covered in the application from the recipient organisation.
- Agree on a common structure of a budget.



### To negotiate

- Agree on a requiring and using the recipient organisation's result framework, and own strategic plan as important input in the application process.
- Agree on a common format for the performance framework with a common language for result reporting, (what to call the different levels of objectives etc.).
- Agree not to require specific donor developed *formats* for budgets
- Agree to accept the use of the most convenient currency, from the recipient organisation's perspective, in budgets.
- Remove requirements related to exchange of currencies.



### Difficult areas

- Agree not to require specific donor developed formats for applications.
- Agree on how to handle donor specific demands in crosscutting areas, without explicitly listing all these areas in instructions for application.

## 2.5 Deviations

### Possible areas for harmonisation

#### *Approval of reallocations*

Most donors require that approval of reallocations of funds from the agreed budget should be sought from the donor in advance and that such a request shall be done in writing. This appears as an easy condition to harmonise.

### Difficult areas for harmonisation

#### *Level of reallocation of funds*

There are various levels at which funds can be reallocated. UK is not concerned about reallocations at all due to the nature of its unrestricted funding. Denmark requires only approval of reallocations at a level *higher* than programmes. Half of the donors require approval of reallocation of funds *between* programmes and a few *within* a programme. Finally, some donors require approvals of reallocations between budget lines *within a project*. The question is thus at which level would it be appropriate to request the recipient organisation to seek approval?

Due to the scattered answers this appears to be an area where harmonisation will require more efforts. A possible way forward could be to start with those donors who require

approval *between* programmes who could agree on a common level for when approval is required. Today the levels vary from 1% to 20% of the total budget. Likewise the group of donors who require approval of deviations *within a project* could seek to agree on a common level (the most common level here is 10% of the project budget). Austria, Belgium and Canada have in addition a minimum cap of when approval for deviations is required to facilitate for deviations is small budgets. *Our recommendation* would be to gradually allow more flexibility for the recipient organisation by moving up towards approvals only at higher levels (programmes or above).

## Conclusions



### Easy areas

- Agree that requests for reallocations of funds from agreed budgets should be in advance and in writing.



### To negotiate

- None



### Difficult areas

- Agree on at which budget levels approval of reallocations should be required (“not at all”, above programmes, between programmes, within programmes, within projects).
- Agree among sub-groups of donors on percentages when approval of reallocations is required (for within programmes, for within projects).

## 2.6 Request for funds

### Possible areas for harmonisation

#### *Advance requests*

The funds shall be requested in advance from all donors. This is already a harmonised condition. The only two exceptions are the Netherlands and who keeps a percentage (5 and 10 respectively) until the end of the agreement, and Canada who might do it as arrear when the level of risk of the organisation is greater.

### Difficult areas for harmonisation

#### *Periodicity for request*

The periodicity when the recipient organisation can request funds from the donors vary. Some allow the recipient organisation to request funds quarterly, others bi-annually, a few annually and one (Finland), when need arise. Which frequency is agreed on is less important. It is more important to agree on a common periodicity to facilitate cash management for the organisations. Due to the scattered answers harmonisation of this requirement will require negotiations among the donors.



### *Supporting documents*

The requirements regarding which supporting documents should accompany the requests for funds vary between the donors. Half of them request a budget and/or a cash flow projection for the coming period from the recipient organisation, while four demand a financial report for the past period. UK has no such demands and Sweden asks for a budget and financial report only at the last quarter of the year. Due to the large spread of answers it will be more difficult to harmonise what should be requested as supporting documents. As annual financial reporting is the most common practice (discussed in 2.10 below) *our recommendation* would be to make efforts to move towards UK's approach and not request budgets and financial reports in between the annual financial report in order to reduce the burden of financial reporting.

### *Non-claimed funds*

Half of the donors allow the recipient organisation to carry forward non-claimed funds to the next year during an agreement period, while the other half consider such funds forfeited by the end of the year. To agree on a common stance would require negotiations of these positions.

## **Conclusions**



### **Easy areas**

- Agree on that funds shall be requested in advance.



### **To negotiate**

- Agree on the periodicity for the recipient organisation to request funds from the donor.
- Agree on how to treat non-claimed funds at the end of the financial year.



### **Difficult areas**

- Agree on if financial documents (budget, financial report or cash-flow) are necessary to support a request for disbursement from the donors.

## ***2.7 Disbursement of Funds and Financial Management***

### **Possible areas for harmonisation**

#### *Local partners' accounting standards*

Most donors place the responsibility of ensuring that local partners meet adequate standards for accounting and financial management on the recipient organisation. Great potential for agreeing on such a condition is thus seen.

#### *Transferring of funds*

Half of the donors request that the recipient organisation shall use the international banking system for transferring funds to its partners. Some donors point out that

*flexibility* must be admitted to countries where the banking system might not be functional. It seems possible for the donors to negotiate a common standpoint. *Our recommendation* would be to use the international banking system in all countries where applicable.

#### *Bank accounts (partners in the chain)*

Many donors request that their funds are kept in separate bank accounts. This requirement causes a lot of problems as the consequence is that each organisation needs to keep several accounts, depending on the number of donors it has. There is a tendency among the donors to relax this requirement to facilitate for the organisations. In cases where funds are transferred from the recipient organisation to its **international secretariat** only two donors have requirements regarding bank accounts. For the rest, this is not regulated. Should it be regulated, it seems feasible to agree on allowing the use of a *common* bank account.

The few donors who regulate how **national CSOs** receiving funds from the recipient organisation keep funds, all require a *separate* account. Denmark is presently changing this condition to a common bank account. Sweden is the only donor demanding that the account should also be interest bearing. It might be possible to negotiate among those donors using this implementation model, to apply a common condition.

At the level of **local partners** half of the donors do not require that the partners keep the funds in a bank account at all. The other half is divided between accepting a *common* bank account for all incoming donor funding while the other half demand that *separate* accounts are kept for their funds. Should the condition be harmonised a negotiation among the donors is required. *Our recommendation* is to allow local partners to have one *common* bank account and separate the donor funding through the accounting instead.

### **Difficult areas for harmonisation**

#### *Bank accounts (recipient organisation)*

For the **recipient organisation** half of the donors require that *separate* bank accounts are kept (and two require specifically the account to be interest bearing). A few donors accept that the funds are kept in the recipient's *common* bank account, while few have no such condition at all. Hence the answers vary greatly and a negotiation among the donors is required to harmonise this condition. *We recommend* allowing the recipient organisation to have one bank account and to separate the donor funds through the accounting.

### **Conclusions**



#### **Easy areas**

- Agree on that the recipient organisation is responsible for ensuring that its local partners meet adequate standards for accounting and financial management.
- Agree on that a *common* bank account is accepted for international secretariats, if need be.



### To negotiate

- Agree on that the international banking system should be prescribed as the norm for transferring funds with exceptions to be given for certain countries.
- Agree if national CSOs need to keep *separate* bank account for donor funds (where applicable)
- Allow local partners to keep funds in a *common* bank account.



### Difficult areas

- Agree if the recipient organisation needs to keep a *separate* bank account for each donor or not.

## 2.8 Procurement

### Possible areas for harmonisation

#### *Clearly defined standards*

All except for two donors (UK and the Netherlands) require that the recipient organisation undertake procurement according to *defined standards*, meaning that it should be done in an *objective, transparent* and *competitive* way. The Netherlands also expects the recipient organisation to have a sound procurement system up to national standards, but does not stipulate it in its instruction. Denmark, Ireland and Austria refer to EU procurement legislation and Sweden and USA refer to national legislation and instructions. Hence this is an area where legislation influences the conditions. It is however likely that the prescribed requirements for procurements are rather comparable to each other and could be agreed upon.

### Difficult areas for harmonisation

#### *Procurement rules applied by the recipient organisation*

The majority of donors demand the appliance of the donor's own procurement rules. Four of them (Norway, Finland, Austria and the US) state that they have rules that are bound by national legislation. Even though there is a need for improved harmonisation it is likely to take time for the donors to harmonise such rules.

#### *Procurement throughout the chain*

The donors' approaches to how the partners throughout the chain should perform their procurements differ considerably. Five donors do not have any requirements, while another group of donors want their own procurement rules to be applied. Only two donors (Sweden and Denmark) allow partners to use own procurement rules if they have been approved in advance by the organisation forwarding the funds. We think it is reasonable to demand the appliance of defined standards throughout the chain and *recommend* more donors to allow local partners to use their own procurement regulations, if approved in advance.

## Conclusions



### Easy areas

- Agree on defined, common standards (objective, transparent and competitive) as the consistent requirement for procurement throughout the whole chain.



### To negotiate

- Agree on which approach to apply for procurement rules further down the chain of collaboration.



### Difficult areas

- Agree on a set of common procurement rules for the recipient organisation.

## 2.9 Financial Reporting

### Possible areas for harmonisation

UK stands out from the rest of the group in its conscious approach to financial reporting. In line with its unrestricted funding its *only* condition is to receive the recipient organisation's annual audited accounts, where the income from DFID must be clearly shown. It is not foreseen that UK will increase its requirements. Nor is it foreseen that the others are ready to accept UK's minimalistic requirement. Thus the following possibilities for harmonisation apply to the rest of the donors.

#### *Level of reporting*

All other donors have instructions for financial reporting and require the recipient organisation to report on the total amount received. *In addition* to this, some require to receive the organisation's audited accounts, its financial reports per programme (more than half) and/or reports per project (four). There are hence possibilities for the donors to agree on at least on the requirement of financial reports for the total amount. *We recommend* all donors to follow UK's path, and in addition, or only, demand the annual audited statement where income from all donors is shown.

#### *Periodicity*

There is a rather high consensus on that the financial reports from the recipient organisation should be annually. To agree on a common periodicity will require some negotiations. In addition to the periodic reporting, half of the donors request a separate end-term financial report. It would again require negotiations to agree on if it should be kept or abolished as a common condition. A good practice could be to follow Canada's praxis and include an accumulative column in the periodical reports instead.

#### *Reporting interest (recipient organisation)*

The requirement to report interest is linked to the demand to keep separate bank accounts. While most donors do not demand an interest bearing account, all (apart from UK) request the recipient organisation to *report* accrued interest on the donor's funds,

annually (eight) or quarterly (one) and two at the end of the contract period. Should a move towards accepting common bank accounts be agreed, reporting of interest will be more complicated and needs to be kept in mind in such a discussion.

#### *Reporting exchange gains*

Half of the donors demand that exchange gains shall be reported annually. It needs to be negotiated within the group if a common position could be taken. *We recommend* the donors to remove the condition as exchange gains and losses are likely to level up in the long run.

### **Difficult areas for harmonisation**

#### *Financial reports from partners in the chain of collaboration*

A majority of the donors regulate how partners in the chain of collaboration should report financially to the recipient organisation or to the immediate level above. Again the answers are scattered; whether the reports should be the annual audited accounts, the total amount received, per programme or per project. To agree on a common condition is therefore foreseen to be more difficult. However it will make a big difference in terms of administrative work for local partners to reach a common stance. *It would be preferable* if the donors would accept the partners audited annual accounts with each donor's contribution clearly shown in the income statement as the financial report. This move is in line with increased use of core funding to local partners, a direction which some donors are already moving towards.

#### *Reporting interest (local partners)*

Half of the donors request all partners in the chain to annually report accrued interest. As a move towards accepting *one* bank account is already taking place at the level of the local partners, it would be a welcomed move to also take away the requirement on reporting interest at this level. Whether this is acceptable would need to be negotiated among the donors.

### **Conclusions**



#### **Easy areas**

- Agree on that the recipient organisation shall report financially the total contribution and on the programme level as long as core funding is not extended.
- Agree on requesting the recipient organisation's audited annual account showing income from all donors.



#### **To negotiate**

- Agree on the periodicity of financial reports from the recipient organisation to be annually.
- Agree to remove the requirement for separate end-term financial reports from the recipient organisation.

- Agree on how reporting of interest should be treated at the level of the recipient organisation.
- Remove the requirement to report exchange gains.



### **Difficult areas**

- Agree on the level of details for financial reporting from partners in the chain of collaboration and preferably agree to demand the annual audited statement.
- Agree to remove the requirement to report accrued interest for local partners.

## **2. 10 Repayment**

### **Possible areas for harmonisation**

#### *Carry forward disbursed funds*

All donors allow the **recipient organisation** to carry forward disbursed, but unspent funds to the next year, two donors with the requirement of seeking approval first. There is hence no problem with harmonising this requirement.

Most donors do not regulate how the other partners in the chain should handle non-used funds. The few who do, allow the partners to carry forward the funds to the next financial year. Should it be regulated, a common position would then be this.

#### *Repayment of exchange gains*

There is almost consensus within the group that exchange gains do not need to be repaid. It seems possible to negotiate a common position.

#### *Repayment of interest (local partners)*

A few donors allow the local partners to keep and use accrued interest in their operations while the majority do not have any regulations for the use of interest earned by local partners. It could be possible to negotiate in the group to remove the condition of repayment in line with what was said regarding reporting interest.

### **Difficult areas for harmonisation**

#### *Repayment of interest (recipient organisation)*

Half of the donors demand that accrued interest should be *repaid* by the recipient organisation to the donor, while the other half do not. This aspect needs to be included in the discussion on requirements for bank accounts. It needs to be negotiated within the group if the requirement to repay could be relaxed. It is foreseen that this will be a difficult discussion as there are external demands on some of the donors for repayment.

## Conclusions



### Easy areas

- Allow disbursed, unspent funds to be carried forward to next financial year at all levels in the chain.



### To negotiate

- Remove the requirement on repayment of exchange gains.
- Remove the requirement on how interest shall be used within the local partners.



### Difficult areas

- Discuss if the requirement on the recipient organisation to repay accrued interest could be removed.

## 2. 11 Narrative Reporting

### Possible areas for harmonisation

#### *Instructions for narrative reporting*

All the donors have instructions for how the recipient organisation is expected to report narrative to them. As stated in the section dealing with applications (2.4 above) the donors are generally expecting similar information and with the same frequency (annually). In line with the conclusions for applications and with strategic PME it should be viable to agree on using the same sub-headers/areas for narrative reporting as in the instructions for the application. However, the optimal solution would of course be to report on the implementation of the strategic plan, if the plan was used in the application. Still, such a dramatic turn in donor policies is not likely to happen, but should be the ambition and the long-term target in this harmonisation/alignment process. All donors state that they want the reports to be result-based. This is another argument for sticking with the same structure as in the application. Possible areas to request as mandatory issues are:

- Results in relation to expected results *on all levels* in the application.
- Results in crosscutting areas which needs to be donor specific.

### Difficult areas for harmonisation

#### *Format for narrative reporting*

If donors decide to continue to request their own specific *formats* to be used instead of agreeing on common areas to be covered there will obviously be no conditions for harmonisation. This obstacle is therefore dependent on the donors' approach to application formats.

### *The aggregated level for reporting*

Some donors still want the recipient organisation to report back on the project level, whereas other donors refuse to ask for such detailed information. *We recommend* that the recipient organisation should be held responsible for analysing project reports, but when reporting to donors, the project level should not be included.

## **Conclusions**



### **Easy areas**

- Agree on that the recipient organisations shall use the same headings and performance framework as in the application, when reporting back.
- Focus on achieved results and, if possible, impact (instead of activities) in the reporting



### **To negotiate**

- Agree on how to report on additional aspects beyond the issues presented in the application such as unexpected results, failures and positive effects that were not foreseen.



### **Difficult areas**

- Agree not to require specific *formats* for narrative reporting.
- Agree on which level recipient organisations should report on (program or project).

## **2.12 Evaluations**

### **Possible areas for harmonisation**

#### *Requirement for regular evaluations*

The majority of the donors expect the recipient organisation to take initiatives for its own evaluations and have a cycle or a systematic approach towards evaluations. Only Canada has a different approach as it takes the initiative itself while the recipient organisation is required to monitor and report progress on the results of its programs on an ongoing basis. The majority of donors do not have requirements on the intervals when the recipient organisation is expected to evaluate its programmes or projects but expect this to take place continuously. The Netherlands expect for instance at least 75% of the programmes to be evaluated at the time of ending the grant period.

When combining this requirement with the idea of building the proposal around the recipient organisations' own result framework and strategic plan, it is possible for the donors to agree on common requirements also when it comes to evaluations. *We recommend* that the recipient organisation should be responsible for continuous monitoring and regular evaluations of the supported projects and programmes in relation to its expected results.



## Conclusions



### Easy areas

- Agree that the recipient organisation is responsible to evaluate its programmes and learn from it.
- Agree on common requirements for evaluations, i.e. how often and when in the implementation cycle evaluations should take place.
- Agree that the result framework and the strategic plan should be the basis for evaluations.



### To negotiate

- None



### Difficult areas

- None

## 2.13 Auditing

Auditing is a critical component of sound financial management, anti-corruption work and demand for accountability. In line with the Paris Agenda ownership of audits is gradually being transferred to each organisation, from being performed by donors. Likewise the focus of audits is gradually changing from the project level to the organisational level. Audit requirements are however in many cases prescribed in national regulations, external from the donor agencies, which makes the area more difficult to harmonise. There is also a political pressure for extensive audit requirements in some countries. However, donors' different requirements for separate audits for earmarked funds is one of the major constraints for CSOs as it requires a lot of extra work and money, particularly at the level of local partners. Hence this is a crucial area for harmonised conditions.

### Possible areas for harmonisation

#### *Annual audits*

A majority of the donors have their own audit instructions and require the recipient organisation to submit audits annually. Two donors (Ireland and Canada), in addition, undertake own audits of the recipient organisation. Only one donor (Austria) does not *demand* audits. It allows the organisations to choose between audits or submitting full project accounting with verifications. Almost all donors demand to receive the recipient organisation's statutory annual audited accounts. Hence, this requirement should not pose difficulties to agree on as common. However, the donors differ in what they require *in addition* to this as half of them demand more detailed audits as well; of the total funding support received from them or of more detailed line items. We foresee some difficulty to agree on these more detailed requirements.

#### *Minimum levels*

Most donors have taken away their minimum levels under which audits are not required and request all funds to be audited. It could be possible for the group to negotiate to agree on not having such a regulation.

#### *Audit reports*

There is consensus among the donors to demand to receive the *annual audited accounts*, together with the *audits report/certificate*, which includes the auditor's statement that the financial reports gives a true and fair picture. There is no problem to agree on this as a common requirement.

However, apart from this, a few donors again require *additional* audit reports, i.e. the management letter/audit memorandum, the organisation's management response to it and its follow-up from the previous management letter. As the auditor's management letter to the recipient organisation provides insights on the organisation's internal systems some donors value it as an important document in their relation with the recipient organisation. We foresee difficulty for the donor group to agree on how to handle these additional audit reports.

#### *Auditing standards*

Almost all donors agree that the audits shall be conducted in accordance with international auditing standards. *Which* standard shall apply vary greatly within the group. It seems however possible to agree on demanding international auditing standards.

### **Difficult areas for harmonisation**

#### *Deadlines for audits*

Slightly above half of the donors require the recipient organisation to follow the donor's financial year (calendar year), while the others allow the recipient organisation to apply its own financial year. It would be an ease for the organisations if they could be allowed to follow their own financial years, as an audit in the middle of a financial year require substantial amount of extra work. Applying calendar year also pose problems as it is the most crowded time period for auditors, making it difficult to have audits done in time. All donors have a fixed deadline when the audit reports shall be submitted. These dates vary completely among the donors, why we foresee difficulty to agree on a common date. It would be a great improvement however if a common date could be accepted, for instance, *we recommend* three months after the end of the recipient organisation's financial year.

#### *Unbroken chain of audits*

Half of the donors demand that there shall be an unbroken chain of audit reports from the local partners to the recipient organisation. As some donors do not wish to regulate this we foresee that it can be difficult to negotiate a common position. *In our opinion* audits are a good tool for proper financial management and we would encourage the donors to demand that annual audited accounts shall be undertaken at all organisational levels and submitted to the organisation forwarding the funds.

#### *How audits shall be performed*

A few donors regulate how the audit of the **recipient organisation** should be conducted. They place a responsibility on the donor to demand to approve the Terms of References for the audit, being the only way to influence the audit and to approve the auditor. Half of the donors do not regulate these aspects. Due to the variety in answers it will be difficult to agree on a common position for how far donors should be involved in the audits.

Most donors do not regulate how audits should be undertaken and which audit reports should be requested at the various levels in the chain. Sweden and Denmark stand out as the two with more detailed regulations for this and only Sweden regulates all levels (national CSOs, international secretariats and local partners). For local partners slightly below half of the donors regulate *what* should be audited (annual accounts, total funding, per programme or per project), *which* audit reports should be submitted (audit certificate, management letter etc) and *the responsibility of the organisation forwarding funds* in relation to audits (approving ToR, approving auditors etc). A possible path forward could be to agree among the group of donors who wish to have an unbroken chain of audits what should be demanded at each level. *We recommend* requesting the audited annual accounts, the audit report and possibly the management letter at all levels as a standardised approach.

## Conclusions



### Easy areas

- Agree on that the recipient organisation shall submit *annual* audited accounts and the audit report, including the audit statement of the financial report.
- Agree on that audits should be performed in accordance with international auditing standards.



### To negotiate

- Remove minimum levels for when audits are not required.



### Difficult areas

- Agree to allow the recipient organisation to follow its own financial year.
- Agree on a common date for the recipient organisation to submit audit reports bearing in mind sufficient time needed for audits to have been undertaken in the chain.
- Agree of the level of details for audits shall for the recipient organisation (e.g. audit of the total funding received or programme level).
- Agree on which other documents (the management letter, the management response and a follow-up of previous management letter recommendations) should be required as part of the annual audit reporting from the recipient organisation to the donor.
- Agree on donors' responsibility to approve the ToR and the auditor of the recipient organisation.

- Agree on if an unbroken chain of audit reports from the local partner to the recipient organisation should be demanded.
- Agree on a common standard for *what* should be audited, *which* reports demanded and *the responsibility* of the organisation forwarding funds for audits at all levels in the chain.

## 2.14 Risk Management

### Possible areas for harmonisation

#### *Obligation to give notice of illegal misuse of funds*

Almost all the donors say that they explicitly or implicitly *expect* the recipient organisations to report back if there have been a misuse of funds. Most of them have it in their written set of regulations, while a few expect it, but has not regulated it. Where it differs is whether the recipient organisation should report immediately or if it can wait until the regular reporting.

### Difficult areas for harmonisation

#### *Risk analysis*

Seven donors request or expect the **recipient organisation** to do a documented risk analysis but there are different opinions when it should be done (in a new application or annually). UK and Belgium do not request it at all. We foresee that it is be possible to negotiate among the donors if a common position could be taken.

Only Sweden requests risk analyses to be done **at all levels** in the chain of collaboration.

## Conclusions



### Easy areas

- Agree on a common regulation for how and when illegal misuse of funds should be reported back to donor.



### To negotiate

- Agree on if it is mandatory for the recipient organisation to do a documented risk analysis and when it shall be done.
- Discuss if risk analyses shall be done at all levels and be the recipient organisation's responsibility to monitor.



### Difficult areas

- None

## **2. 15 Dispute Resolution**

### **Possible areas for harmonisation**

#### *Rules for accounting and taxation*

A majority of the donors say that the respective national rules and regulations for accounting and taxation in each country apply for the different partners throughout the chain. Only Canada applies their own national rules at all levels. It seems possible to negotiate to harmonise this condition.

### **Difficult areas for harmonisation**

#### *Applicable law for the contract with the recipient organisation*

Almost all donors state that the law of their respective country is applicable for the contract with the recipient organisation. Should a bilateral donor enter into an agreement with a recipient organisation in another country the national law of the donor country hence applies.

#### *Dispute resolution*

As all donors are bound to use their own legislations when disputes arise around contract issues, it is likely to be difficult to harmonise. This however is an issue that needs to look into, as recipient organisations are more anxious to diversify their sources of funding and the support is getting more globalised. Donors will need to harmonise around this. Otherwise, if a dispute comes up and several donors are involved each donor will have a separate process with the recipient organisation. The majority of donors refer to their own court system also for disputes with all parties in the chain. Sweden prefers international arbitration and UK build their mechanisms on trust and reconciliation without legal action. Only Canada would apply the court system of the country of the recipient organisation. It would be useful if the donors could agree on a common approach.

## **Conclusions**



### **Easy areas**

- None



### **To negotiate**

- Agree on that the national rules for accounting and taxation of the country of the partner organisation should apply.



### **Difficult areas**

- Agree on which laws should be applied when conflict arise between donors and a recipient organisation.
- Agree on where and how a dispute among partners in the chain should be resolved.

### 3. General Recommendations

The effort to harmonise conditions is not an objective of its own, there must be a reason *why* harmonise as donors. The recommendations we have given are the ones that we think are the most important towards actions needed to move the cooperation between donors and CSOs closer to the concept of *Ownership* and *Alignment* with the CSOs' own systems. The study has shown that there are great possibilities for the donors to agree on a number of requirements and conditions as common. It has however also shown that there are a lot of requirements which will be more difficult to agree on, but which are very important to tackle if the ambition to facilitate for CSOs to coordinate around local partners and reduce the administrative burden shall become a reality. The question is how to go about it?

We recommend that a core group is set up among the donors to practically prepare for common conditions and requirements in the different areas. The members of the core group should come from donors representing different approaches in their relations with the recipient organisations. The group would assume the responsibility to seek common positions among the donors and reduce the total number of requirements since it will not be efficient to do such in common meetings with all donors. The core group should suggest a recommended set of common conditions that can be discussed together. To make the process more manageable the work could be divided into three clusters of requirements that logically go together, namely:

1. Application, budget, narrative reporting and evaluation and risk management.
2. Contractual arrangements, procurement, and dispute resolutions.
3. Financial management and control; eligible costs, deviations, requests for funds, disbursements, bank accounts and interest, financial reports, repayment and audits.

We recommend that the core group takes the responsibility for the overall work of all the three clusters, as they are linked, and one consistent line of thought will be needed. For each cluster of requirements working groups could be set up in order to be able to run the process in parallel. A time frame for each cluster of requirements should be agreed on by the donors.

When starting to work with one cluster of requirements there are two possible approaches: to first start with the practical aspects, which are easier to agree on, or to start with principles and approaches, which might be more difficult to find a common ground around. Both approaches have their own merits. Starting with the practicalities has the positive moral effect of seeing that it is feasible to move ahead together. Starting with the principles and approaches means tackling more difficult issues which need to be addressed to create change, but the process can risk becoming paralysed because of the difficulty.

We finally recommend the donor group to consider how civil society can or shall be involved in the process. We believe that it would increase the value of the work if representatives of civil society are providing their views at different points in the process ahead.

## ***Annex 1: Terms of Reference***

### **Terms of reference for a mapping of donors' conditions and requirements for CSO-funding**

#### **Background**

The Donor Group on Civil Society and Aid Effectiveness<sup>1</sup> had its first meeting in Stockholm in April 2009, where a multi-stakeholder process on Civil Society Development Effectiveness and Enabling Environment also was launched. The multi-stakeholder process was one of the recommendations of the Advisory Group on Civil Society (AG-CS) which had advised the OECD Working Party on Aid Effectiveness in the consultation process leading up to High Level Forum in Accra 2008. Part of the work of the multi-stakeholder process launched in Stockholm involves the funding by a number of donors of two civil society proposals; the Open Forum process on CSOs' own effectiveness and enabling environment, and the Better Aid CSO process aiming to contribute to a meaningful implementation of the Paris Declaration and Accra Agenda for Action.

It was recognized, that in addition to actions that support and feed in to the multi-stakeholder process, it was also valuable to have a group of donors to learn from one another on how they support civil society and to initiate common actions to improve the support. In the following Donor Group meeting in Prague in June 2009, a workplan was drafted which set out key themes and actions to focus the work of the group.

In the third meeting of the Donor Group, which was held in Stockholm in October 2009, back-to-back with the multi-stakeholder meeting and the European Development Days, a prioritized item on the agenda was on how to take the workplan forward. It resulted in further prioritizing the key areas and different donors taking the lead on specific action points. Sida expressed interest in the first thematic area on *How to best fund CSOs (Support Models)* and the second action point concerning the possibilities of *harmonizing and aligning donor conditions and requirements for CSO funding* and e.g. explore whether the donors could accept common reports for common partners etc.

So it was decided that Sida would take the lead in initiating a mapping exercise of donor conditions and requirements, aiming at possibilities for harmonization, and that the findings would be presented and discussed in the next coming Donor Group meeting.

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<sup>1</sup> Consisting of 14 bilateral donors and the European Commission.

**Aim**

The aim of the assignment is to identify areas where donors can harmonize conditions and requirements for its CSO-funding regarding; reporting, monitoring, evaluation and audit, in order to improve conditions for donor coordination. The intention is to improve CSOs' possibilities to coordinate their support from different "back-donors" and lessen their administrative burden, in line with donor obligations as part of the Accra Agenda for Action.

**The Assignment**

The assignment consists of three parts and shall deliver:

- 1) A survey instrument in the form of a questionnaire for mapping out donors' conditions and requirements for CSO-funding, clarifying which of the conditions and requirements that donors are legally bound to and which are more used due to administrative tradition. Focus shall be put on conditions and requirements regarding reporting, monitoring, evaluation and audit.
- 2) A report consisting of the compiled answers from the questionnaires including an analysis on what conditions and requirements donors actually can change, with suggestions and recommendations on improved harmonization, preferably in order of priority. The consultant is free to include recommendations that can be of relevance for promoting the aim of the mapping.
- 3) A presentation of the findings at the Donor Group meeting on the 12<sup>th</sup> of April 2010 in Brussels, including facilitating a discussion within the group on how to proceed with the recommendations.

The consultant is responsible for implementing the assignment and coordinating the process.

*Clarification/limitation:* The questionnaire shall be based on the conditions and requirements applied in donors' funding modalities for national (northern) CSOs and their development cooperation work. Although focusing on national CSOs, the mapping will still reach and include large international organizations such as Oxfam, Plan and Save the Children since many donors support these organizations through their national affiliations/sister organizations, e.g. Sida supports Save the Children Sweden.

The assignment will not include mapping of conditions and requirements for CSOs contracted to carry out donor specific programs.

**Method**

In order to develop the questionnaire, relevant documentation shall be studied, which will be agreed upon in dialogue between the consultant and Sida.



The consultant shall present a draft questionnaire to Sida for approval before it is sent out for comments in the Donor Group and to a group of identified CSOs. After adjustments and final approval by Sida the questionnaire will be sent to the Donor Group for answering. The consultant shall however arrange telephone interviews with the respective contact persons within the Donor Group and thereby gather the answers to the questions, to ensure a high response rate and qualitative information.

The answers should be compiled into a draft report including analysis and clear recommendations. The draft report should be sent to Sida and the rest of the Donor Group for comments. The findings shall be presented at the Donor Group meeting and the recommendations should be the basis for a discussion on how to proceed forward, facilitated by the consultant. The final report should be finalized after the Donor Group meeting in order to possibly include comments from the meeting.

All other aspects relating to the definition of methods for implementing the assignment are the responsibility of the consultant.

### **Contacts, time plan and reporting**

The assignment shall commence on the 8<sup>th</sup> of February, 2010. The first draft questionnaire will be submitted for discussion with Sida on the 18<sup>th</sup> of February. An adjusted draft will be sent out to the Donor Group and CSO group for comments at the beginning of week 8. A finalized questionnaire will be sent to the Donor Group at the beginning of week 10 after Sida's approval. Telephone interviews with contact persons in the Donor Group will start at the end of week 11 and during week 12. A first draft report will be submitted to Sida and sent to the Donor Group at the beginning of week 14.

The presentation of the report at the Donor Group meeting will take place on the 12<sup>th</sup> of April in Brussels.

After comments from Sida and the Donor Group a final report shall be submitted to Sida at the latest by the 30<sup>th</sup> of April 2010.

The report shall be written in English and consistent with the terms of reference. The report shall be written in Word-format. It should be submitted both in electronic form and in three hard copies.

### **Specification of requirements**

A consultant with framework agreement under the Support Function with Sida/Civsam will be called-off in accordance with the terms of agreement to perform the assignment.

The consultant is however requested to submit an offer specifying:

- The leader of the assignment including short presentation of relevant qualifications for the assignment.

- A short presentation of how to carry out the assignment including a time schedule.
- The total cost of the assignment in the form of an hourly fee for each category of personnel and any other reimbursable costs both for the part of the assignment carried out in Sweden and in Brussels. All types of costs shall be given in SEK, excluding VAT.

**Duration of contract**

The assignment shall commence 2010-02-08 and end 2010-04-30 the call-off contract shall be valid until 2010-05-31.

## ***Annex 2: List of persons consulted***

### **Donors:**

Lisa Hellström, Sida  
Camilla Lindström, Sida  
Andrea Schmid, Austrian Development Cooperation  
Katrien Degrauwe, Directorate General for Development Cooperation, Belgium  
Jaqueline Wood, Cida  
Michel Coté, Cida  
Ulla Schiott Fredriksen, Foreign Ministry, Denmark  
Maxime Montagner, EuropeAid, EC  
Corinne André, EuropeAid, EC  
Okka-Pekka Salmimies, Ministry of Foreign Affairs, Finland  
Alison Milton, Irish Aid  
Tomas Bellew, Irish Aid  
Orlagh Condron, Irish Aid  
Laetitia van Asch, Ministry of Foreign Affairs, The Netherlands  
Gunvor Skancke, Norad  
Konrad Specker, Swiss Agency for Development and Cooperation  
Eric Picard, USAID  
Tom Carter, USAID  
Lone Sorensen, DFID  
Steve Nally, DFID

### **CSOs:**

Risa Rosenberg, WWF Sweden  
Malte Stövring, Plan Sweden  
Annika Malmberg, Plan Sweden  
Lisa Sjöblom, Plan Sweden  
Peter Ottosson, Diakonia  
Nicole Nassar, SOS-Kinderdorf  
Joni Hillman, BOND  
Brian Tomlinson, Canadian Council for International Cooperation

## Annex 3: Results from Donor Mapping

<b>General conditions:</b> <i>This section deals with the overall conditions and requirements placed on the recipient organisation, i.e. abidance to donor policies, definitions of CSOs, thematic requirements and approaches to be used.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments
1	The donor can enter into Memoranda of Understanding with other donors for pooled funding to CSOs.	9 (UK, SE, DK, IR, CA, NO, FI, NL, AT)	1 (US)	1 (BE)	1 (US)	<b>Belgium:</b> Considering pilot initiative 'Better Aid' & 'Open forum' <b>Finland:</b> "A hypothetic question" – Has never been tried but there shouldn't be any problems <b>Austria:</b> Already practising with Concorde and IBON <b>UK:</b> Have never done it. It would require a lot of negotiations to agree on <b>one</b> performance framework for the whole CSO. <b>Ireland:</b> Do a lot a t country level with other donors. <b>US:</b> No pooled funding is allowed. A partner donor can transfer its funds directly to USAID. In exceptional cases USAID has contributed to multi-donor trust funds (the Afghanistan and the Iraq reconstruction). Can provide parallel funding to support a specific project where there are mutual interests/objectives. This may occur without a governing MOU. USAID Missions/Offices are encouraged to work jointly with other donors to uphold the principles of aid effectiveness, including support for locally developed action plans and coordinating processes based on a more frank recipient-donor dialogue and more equal partnership, with a view to achieving better development results.
2	The funding support must be used in accordance with: <ol style="list-style-type: none"> <li>the donor's civil society development policy</li> <li>the donor's country strategies</li> <li>the Millennium Development Goals</li> <li>the National Development Plans/PRSPs of the developing counties</li> <li>there are no such requirements. The recipient organisation has the right to define their own programmes independently               <ul style="list-style-type: none"> <li>relate to if relevant</li> </ul> </li> </ol>	8 (SE, DK, IR, US, NO, BE, AT, FI) 3 (IR, US, FI) 4 (IR, FI, AT, CA) 4 (DK, IR, FI, AT)  3 (UK, SE, NL)				<b>Norway:</b> There are principles and recommendations but it is not mandatory <b>Belgium:</b> Org. should be aware of donor's country strategies Not necessary align but 'know' about it. <b>Austria:</b> The recipient organisation has the right to define their own programmes independently <b>UK:</b> Hands-off strategy. Don't want the CSOs to be implementers for DFID. Careful not to interfere in their decisions. The PPAs must share DFIDs beliefs and values. <b>Sweden:</b> When the CSO concludes that it is relevant it should relate to the strategies (b,c,d). <b>Ireland:</b> Has a new CS policy which is broader than previously <b>Canada:</b>

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						<p>CIDA provides strategic guidance to applicants to the Voluntary Sector Programme that could constitute an operational policy for the programme.</p> <p><b>US:</b> The main mechanism is called “leader with associate”. HQ and USAid missions define the programmes in which the leader and consortia members are “implementing partners”.</p>
3	<p>The donor includes the following types of CSOs in its definition of eligible CSOs:</p> <ul style="list-style-type: none"> <li>a. Membership organisations</li> <li>b. Development NGOs</li> <li>c. Foundations and think tanks</li> <li>d. Human rights organisations</li> <li>e. Faith-based organisations</li> <li>f. Community based organisations and youth groups</li> <li>g. Cooperatives</li> <li>h. Employer organisations</li> <li>i. Trade unions</li> <li>j. Social movements</li> <li>k. Networks</li> <li>l. Non-profit media</li> <li>m. Private sector associations and professional associations</li> <li>n. Academic and educational institutions</li> <li>o. Other; please specify:</li> </ul>	<p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>9 (UK, SE, IR, CA, US, NO, BE, FI, AT)</p> <p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>9 (UK, SE, DK, IR, CA, NO, BE, NL, AT)</p> <p>9 (UK, SE, DK, IR, CA, US, NO, BE, AT)</p> <p>9 (UK, SE, DK, IR, US, NO, BE, FI, AT)</p> <p>10 (UK, SE, DK, IR, CA, US, NO, BE, FI, AT)</p> <p>8 (UK, SE, IR, CA, NO, BE, FI, AT)</p> <p>9 (UK, SE, DK, IR, CA, NO, BE, NL, AT)</p> <p>7 (UK, SE, IR, US, NO, BE, AT)</p> <p>8 (UK, SE, IR, CA, US, NO, BE, NL)</p> <p>9 (UK, SE, IR, CA, US, NO, BE, NL, AT)</p>				<p><b>Norway:</b> The only excluded actor is profit-companies</p> <p><b>Belgium:</b> Also umbrella organizations of local authorities (municipalities) are supported in this window Don't have a clear definition of 'CSO'</p> <p><b>Finland:</b> Must be a complement to official support.</p> <p><b>Holland:</b> For the excluded there are other funding windows.</p> <p><b>UK:</b> All are OK. Define CSOs as any not for profit group operating in the space between government and the private sector.</p> <p><b>Denmark:</b> Must be membership organisations with popular bases. Foundations not eligible. Social movements and private sector associations and media would be ok but don't have at the moment. Would need to start with project grants first.</p> <p><b>US:</b> The types of CSOs that USAID supports would depend on whether they meet the broad definition of “non-profit NGO”, per the Automated Directives System (ADS).</p> <p><b>Canada:</b> Regarding j, yes in theory, but is difficult to operationalize support to social movements.</p>
4	<p>The recipient organisation shall use the funding support:</p> <ul style="list-style-type: none"> <li>a. through a chain of CSOs where the end-user is a local CSO in a developing country</li> <li>b. in collaboration with other local partners in a developing country (e.g. government and/or private sector)</li> <li>c. directly in relation to the target group as an actor of its own in the developing country</li> <li>d. in global activities in the North</li> <li>e. there are no such requirements</li> </ul>	<p>6 (SE, DK, IR, NO, FI, AT)</p> <p>4 (IR, CA, FI, AT)</p> <p>2 (IR, CA)</p> <p>4 (DK, CA, FI, AT)</p> <p>4 (UK, US, BE, NL)</p>	1 (CA)			<p><b>Austria:</b> Where there are no CSO-partners (as in Bhutan) there is cooperation through the govt.</p> <p><b>UK:</b> All are OK. Define CSOs as any not for profit group operating in the space between government and the private sector.</p> <p><b>Denmark:</b> Must be membership organisations with popular bases. Foundations not eligible. Social movements and private sector associations and media would be ok but don't have at the moment. Would need to start with project grants first.</p> <p><b>US:</b> Depend on whether they meet the broad definition of “non-profit NGO”, per the Automated Directives System (ADS).</p>
5	<p>Local CSOs are eligible for support in the following roles:</p> <ul style="list-style-type: none"> <li>a. accountability and transparency (i.e. oversight/watch dog groups, advocacy, policy dialogue)</li> <li>b. civic education and awareness raising</li> </ul>	<p>4 (SE, DK, IR, US)</p> <p>4 (SE, DK, IR, US)</p>				<p><b>Holland:</b> Local CSO's are eligible for funding by embassies, not by the Hague</p> <p><b>UK:</b> DFID does not direct the PPAs' areas of operation at all</p>

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	<ul style="list-style-type: none"> <li>c. building coalitions and networks</li> <li>d. providers of social services</li> <li>e. other roles, please specify:</li> <li>f. there are no such requirements</li> </ul>	<p>4 (SE, DK, IR, US) 3 (SE, IR, US)</p> <p>7 (UK, NO, BE, FI, NL, AT, CA)</p>				<p><b>Denmark:</b> OK with some service delivery in certain situations but don't promote this.</p> <p><b>US:</b> The type/roles of local CSOs are specified in each associate agreement (additional agreement to the main agreement)</p> <p><b>Canada:</b> CSOs are eligible for support in all of these roles, but there is no requirement per se.</p>
6	<p>The use of the funding support shall meet the following conditions:</p> <ul style="list-style-type: none"> <li>a. Emanate from the needs and priorities defined by the local partners</li> <li>b. Be focused on supporting local partners' own capacity development .</li> <li>c. Apply a rights based approach</li> <li>d. Other, please specify:</li> <li>e. There are no such requirements</li> </ul>	<p>9 (SE, DK, IR, CA, US, NO, BE, FI, AT) 10 (SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>6 (SE, DK, IR, NO, FI, AT)</p> <p>1 (UK)</p>				<p><b>Norway:</b> These are not strict conditions but applicable when relevant. Each specific initiative is analysed before decision is taken</p> <p><b>Austria:</b> All projects/programmes <b>must</b> respect gender, environment aspects</p> <p><b>Canada:</b> Regarding b), is not the focus of the funding support, but is a component. Regarding d), must address crosscutting themes of gender equality and environmental sustainability.</p>
7	<p>The funding support shall be used in the following thematic priorities:</p> <ul style="list-style-type: none"> <li>a. Democracy and good governance</li> <li>b. Increased respect for Human Rights</li> <li>c. Sustainable environment and climate change</li> <li>d. Gender equality</li> <li>e. HIV/AIDS</li> <li>f. Peace and security</li> <li>g. Economic development and private sector development</li> <li>h. Social services; education, health</li> <li>i. Other, please specify: Depending on requests for application</li> <li>j. There are no such requirements</li> </ul>	<p>4 (DK, IR, CA, US) 3 (DK, CA, US) 5 (DK, IR, CA, US, BE) 5 (DK, IR, CA, US, BE) 4 (DK, IR, CA, US) 2 (CA, US) 2 (CA, US) 2 (CA, US) 1 (US) 6 (UK, SE, NO, FI, NL, AT)</p>				<p><b>Austria:</b> Funding support can be used according to the applicant's thematic focus ("right of initiatives") for projects/programmes in accordance with the Millennium Development Goals and the 3 Year Programme of Austrian Development Policy.</p> <p><b>Sweden:</b> These are not requirements but Sida looks positive on that the CSOs are particularly involved in a – d.</p> <p><b>Denmark:</b> a. – e. are demanded. Other areas are open to work in.</p> <p><b>Ireland:</b> These are the cross cutting issues which are mandatory. All the others are fine if they are involved in.</p> <p><b>US:</b> Gender is mandated by all. The others vary depending on programme.</p> <p><b>Canada:</b> c. (minus climate change) and d. are mandatory for all. The rest depend on the directorate which has the agreement with the CSOs.</p>
8	<p>The recipient organisation may apply to the donor for funding support for:</p> <ul style="list-style-type: none"> <li>a. programmes (i.e. a set of grants addressing the same objective)</li> <li>b. projects</li> <li>c. core funding support (i.e. budget support to a local CSO)</li> <li>d. networking activities</li> <li>e. other; specify; <ul style="list-style-type: none"> <li>- no requirements</li> </ul> </li> </ul>	<p>10 (SE, DK, IR, CA, US, NO, BE, FI, NL, AT) 4 (SE, US, BE, AT) 7 (SE, DK, IR, CA, US, NO, NL) 9 (SE, DK, IR, CA, US, BE, FI, NL, AT)</p> <p>1 (UK)</p>				<p><b>Norway:</b> The 5 mega organisations get Core funding, 25 'big' ones get programme support, and 80 small ones get project support. All the big ones should probably have core support in the next negotiated agreement – that is at least the ambition</p> <p><b>Belgium:</b> Discussions on core funding, but not possible yet.</p> <p><b>Finland:</b> No funding for activities in Finland, at all.</p>

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						<p><b>UK:</b> PPAs are <b>strategic</b> level <b>unrestricted</b> support. DFID is not interested in <b>how</b> they spend the money. They agree on how much/year initially and then only follows results achieved.</p> <p><b>Canada:</b> Regarding c), generally CIDA's core funding is for INGOs only. (so the i.e. would not really apply). Regarding d), not a lot of this is supported.</p>
9	<p>The recipient organisation shall engage with collaborating partners through:</p> <ul style="list-style-type: none"> <li>a. Partnership agreements</li> <li>b. Open bidding processes where any eligible CSOs can apply</li> <li>c. Other, please specify:</li> </ul>	<p>10 (SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>1 (US)</p> <p>1 (UK)</p>		1 (US)		<p><b>UK:</b> It is for the PPA holder to decide how to engage</p> <p>Ireland: MAPS is only programmes</p> <p><b>US:</b> These longer-term partnerships are based on a request for application rather than unsolicited proposals. The "cooperative agreement", or grant, to which the answers refer, is in many respects a programme.</p>
10	<p>The period of funding support is (in years):</p> <ul style="list-style-type: none"> <li>a. one</li> <li>b. two</li> <li>c. three</li> <li>d. four</li> <li>e. five</li> <li>f. Other, please specify: 6</li> </ul>	<p>2 (DK, BE)</p> <p>1 (BE)</p> <p>5 (CA, US, BE, FI, AT)</p> <p>3 (SE, CA, US)</p> <p>4 (IR, CA, US, NL)</p> <p>1 (UK)</p>				<p><b>Norway:</b> Varies and relates to the strategy period of the specific recipient organisation (mega ones 3-5 yrs +1)</p> <p><b>Belgium:</b> Depends on type of support.</p> <p><b>Holland:</b> Support from embassy can be shorter than 5 years</p> <p><b>UK:</b> An initial 3 years with a further 3 years dependant on progress</p> <p><b>Denmark:</b> A long term agreement in the bottom which is not time bound and then a new grant every year formalised through an exchange of letters, specifying conditions (GL, amount). The CSOs can have a four-year rolling plan but need to prepare a rolling application every year. It is implicit in the finance bill that the CSOs must apply every year. Cannot change for longer funding periods.</p> <p><b>Ireland:</b> MAPS five years, block grants 3</p> <p><b>US:</b> The period is determined by Agreements Officer in charge of the procurement, during the planning/design phase. Normally, a Leader, i.e. programme) Award is for five years. The Leader Award may authorize Associate i.e. project Awards for up to an initial five years.</p> <p><b>Canada:</b> Five years is most common for VSP. Eligible programs (500,000 CAN\$ and more) are 'at least 3 years'.</p>
11	Please provide any comment or clarifications related to the above questions focusing on <b>general conditions</b> .					<p><b>Holland:</b> NL has several legal frameworks for providing funding to Dutch CSO's. Throughout the Questionnaire it is referred to the most important (MFS2)</p>

Eligible costs <i>This section deals with how the donor defines different types of costs which may be included in the funding support.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
12	<p>The donor contributes to <b>operating costs/programme costs</b> (e.g. salaries of programme staff, costs of activities):</p> <ol style="list-style-type: none"> <li>within the recipient organisation</li> <li>within national CSOs in the home country receiving support from the recipient organisation (e.g. a CSO which is a member to the recipient organisation)</li> <li>within the recipient organisation's international structure (e.g. Save the Children Alliance)</li> <li>within the local partners</li> <li>only within the projects in the local partners</li> <li>other, please specify:</li> </ol>	<p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT) 7 (UK, SE, DK, NO, FI, NL, AT)</p> <p>6 (UK, SE, IR, NO, FI, NL)</p> <p>9 (UK, SE, DK, IR, CA, US, NO, FI, NL) 2 (BE, AT)</p>		2 (IR, CA)		<p><b>Norway:</b> This has always been a big discussion in Norway. The ambition from the government is to be more flexible, but experience says that the discussions following from flexible systems become counter-productive. Therefore it is likely that a future system will be stricter.</p> <p><b>Holland:</b> Requirement is that money be spent wisely. Overhead should not exceed 10 % of the total amount of funding. However this is not a hard legal requirement, merely a guideline. (<i>Earlier the rules were more strict – with the new system it has changed to very flexible</i>)</p> <p><b>UK:</b> We allow the PPA holder complete freedom over how to spend DFID PPA support</p> <p><b>Denmark:</b> Don't fund activities at the international level carried out by the international structure. National CSOs can have projects or programmes under the framework org.</p> <p><b>Ireland:</b> In principle, we don't object to costs at the international structure</p>
13	<p>Please list illustrative types of costs that are defined by the donor as <b>operating costs/programme costs</b>.</p> <p><b>Operating costs/programme costs:</b></p> <ol style="list-style-type: none"> <li>Unrestricted support to their budgets</li> <li>All costs directly related to development cooperation</li> <li>auditing of projects</li> <li>Activities</li> <li>Capacity building</li> <li>Investments</li> <li>Technical Assistance</li> <li>Personnel costs</li> <li>Local partners communication costs</li> <li>Programme support allocations in local CSOS; office rent, electricity, water, office supplies, ICT, fuel and maintenance, admin charges, in country travel , transport of goods</li> <li>programme quality allocations; Organisational Development (max 3%), Mainstreaming of cross-cutting areas (1% per issue), evaluations, Joint thematic studies, Joint activities at country level</li> <li>Travel int. staff/Travel local partners</li> </ol>	<p>1 (UK) 5 (SE, IR, BE, NO, NL, AT) 2 (SE, FI) 3 (DK, AT, FI) 4 (DK, IR, AT, FI) 3 (DK, AT, FI) 4 (DK, CA, AT, FI) 6 (DK, IR, CA, US, FI, AT) 3 (CA, AT, FI) 4 (IR, US, FI, AT)</p> <p>3 (IR, AT, FI)</p> <p>3 (CA, US, FI)</p>				<p><b>Norway:</b> We don't operate with definitions</p> <p><b>Belgium:</b> Works with <u>three types of costs</u>: Operating costs, Management costs (adm. Clearly related to the initiative) and Structural costs (costs that are there anyway). Distinction is not always easy and need strictness and clear rules</p> <p><b>Holland:</b> there are no specified exceptions of what qualifies as programme costs or not. Illustrative are: costs for training, hardware</p> <p><b>UK:</b> Budget support to the organisation's account. Nothing earmarked. No funds are traced after that. We don't like to use the term "core funding" as it implies funding all that the CSOs do. They agree with DFID what to achieve and that is what DFID funds through the unrestricted funding.</p> <p><b>Denmark:</b> OK both in North and South but cautious about investments in north.</p>



	m. Overseas Meeting Expenses n. Public awareness (also in Austria)	1 (CA, FI) 1 (AT, FI)				
14	The donor contributes to <b>administrative costs/overhead costs</b> : a. within the recipient organisation b. within national CSOs in the home country receiving support from the recipient organisation c. within the recipient organisation's international structure d. within local partners e. within the project unit only f. other, please specify:	11 (UK, SE, DK, IR, CA, US, NL, NO, BE, FI, AT) 4 (UK, SE, NO, FI) 4 (UK, SE, NO, FI) 7 (UK, SE, DK, IR, CA, US, NO) 1 (NO)	2 (IR, CA)	2 (IR, CA)		<b>Holland:</b> It is the NL policy not to go into detail on what costs qualify for operating/progr costs. It is policy to examine the overall overhead costs of a programme. 9 % is considered normal. <b>Denmark:</b> OK for framework org to pay administrative costs of local CSOs
15	Please list illustrative types of costs that are defined by the donor as <b>administrative costs/overhead costs</b> and are eligible to be included in the administrative contribution.  <b>Administrative costs:</b> a. Unrestricted support, they define b. Restricted but the organisations define themselves c. Defined costs related to managing the grant (application, reporting, monitoring, org. Audit) d. costs that are non project/program specific e. defined by the grantee and negotiated and approved f. Computer maintenance expenses g. Insurance (i.e. office) h. Office supplies and equipment (recipient organization) i. Rent and utilities (recipient organization) j. salaries and fringe benefits for the administration of the organization k. Travels	1 (UK) 4 (DK, NL, NO, IR) 4 (SE, FI, AT, BE) 1 CA) 1( US) 2 (CA, FI) 2 (CA, FI) 1 (CA, FI) 4 (CA, FI, NL, AT) 4 (CA, FI, NL, AT) 2 (NL, AT)				<b>Sweden:</b> The distinction between operating costs and administrative costs is unclear. Since most costs are OK as operating costs very few remain as administrative and the 8% become thus quite high.
16	Which percentage of the total funding support is allowed as contribution to administrative costs?  <b>Administrative costs %:</b> Up to 100% 6% of total 7% of total 8% of total contribution 9% of total 10% of total 12% of direct costs of the project/program Don't have a set %, Options: 1. Include the all the indirect costs in the budget and approve all (mainly local CSOS), 2. Negotiate an indirect cost ratio. Can range from 3% to 60%. (mainly US Based CSOs).	1 (UK) 1 (IR) 1 (DK) 2 (SE, NO) 1 (NL) 2 (FI, AT) 1 (CA) 2 (US, BE)				<b>Holland:</b> However, if well motivated, a higher percentage is accepted. E.g. when working in difficult circumstances in 'fragile' countries. <b>Denmark:</b> Likely to remain 7% <b>Belgium:</b> A span between 8-20% depending. (today's average: 13,5%

17	<p>Please list all costs that are defined by the donor as <b>ineligible costs</b> (i.e. costs that cannot be included in the funding support).</p> <p>In A</p> <p><b>Ineligible costs:</b></p> <ul style="list-style-type: none"> <li>a. none, all are accepted</li> <li>b. real- estate</li> <li>c. purchase of land</li> <li>d. buildings</li> <li>e. fact finding missions to find new partners</li> <li>f. evangelisation</li> <li>g. political work</li> <li>h. Costs in excess of the stated limits above</li> <li>i. Flow-through funds without budgets for the local CSO</li> <li>j. Large capital expenditures</li> <li>k. Fund raising costs</li> <li>l. Capacity development for the recipient organisation</li> <li>m. child sponsorships</li> <li>n. NON-development activities</li> <li>o. Commercial investments</li> <li>p. A long and detailed list of ineligible costs</li> </ul>	<p>2 (SE, FI)</p> <p>4 (SE, DK, AT, FI)</p> <p>2 (SE, AT – only if just building s)</p> <p>2 (SE, AT)</p> <p>4 (DK, IR, AT, FI)</p> <p>2 (IR, FI)</p> <p>2 (IR, FI)</p> <p>2 (CA, FI)</p> <p>1(CA)</p> <p>4 (CA, FI, NL, AT)</p> <p>1 (CA)</p> <p>1 (CA)</p> <p>2 (FI, AT)</p> <p>3 (NL, AT, FI)</p> <p>1 (BE)</p>	<p>1 (NO)</p> <p>1 (UK)</p>		<p>1 (SE)</p> <p>1 (SE)</p> <p>1 (SE)</p>	<p><b>Norway</b> No definition</p> <p><b>Belgium:</b> Extremely detailed list of such costs.</p> <p><b>Sweden:</b> The Decree for Sustainment of State Capital is a legal document which all Swedish public administration must follow. It is the basis for Sida's definition of eligible and illegible costs. Funds cannot be used to increase the value of the organisation, e.g. through share capital, properties or land. There is a border area which involved cars, it equipment etc. Such costs are acceptable if they can be motivated by contributing to the operations, but not acceptable if they e.g. are used for e.g. board members. It is also, though not in written, a praxis that Swedish Sida never fund initiatives with any kind of evangelisation included</p> <p><b>Canada:</b> No agreements would specifically have a "flow through" budget line item. Recipient must provide some specifics about the local CSO recipient's program (though not a full budget).</p> <p><b>Netherlands</b> Only restriction is that the 75% (total contribution) cannot finance activities to generate the 25% (own contribution).</p>
18	<p><i>Travel costs for local partners (e.g. per diems) are regulated by:</i></p> <ul style="list-style-type: none"> <li>a. <i>Government regulations in the donor country</i></li> <li>b. <i>Government regulations in the developing country</i></li> <li>c. <i>Other, please specify:</i></li> <li>d. <i>There are no such requirements</i></li> </ul>	<p>2 (CA, BE)</p> <p>3 (DK, AT)</p> <p>6 (UK, SE, IR, NO, NL, FI)</p>			<p>1 (US)</p>	<p><b>Finland:</b> A locally accepted economic level</p> <p><b>Holland:</b> the Dutch NGO must have sound rules and regulations themselves</p> <p><b>Canada:</b> Cannot exceed directives of Canadian Treasury Board.</p>
19	Please provide any comment or clarifications related to the above questions focusing on <b>eligible costs</b> for the funding support.					

Contractual requirements						
This section deals with the requirement placed on the recipient organisation and its partners to have written agreements and the responsibility of the recipient organisation to monitor compliance of such agreements.						
		Yes	No	Not applicable	Bound by national legislation	Comments:
20	The recipient organisation shall have written sub-agreements with all CSOs and other local partners to which it channels funds, before any disbursement can be made to them.	7 (SE, DK, IR, CA, NO, BE, FI)	4 (UK, US, AT, NL)			<p><b>Holland:</b> We do not monitor the Dutch NGO in this level of detail. The Dutch NGO will have a sound policy on their relationship with southern partner organisations. This will be checked at the moment of application.</p> <p><b>Austria:</b> The recipient organisation is responsible for the programme, e.g. for reporting/accounting to ADA. ADA does not require written agreements between recipient organisation and local partners.</p> <p><b>US:</b> Sub-recipients, sub-awardees, and contractors have no relationship with USAID under the terms of the agreement. All required USAID approvals must be directed through the recipient to USAID (the leader).</p> <p><b>Ireland:</b> This is expected of them, but not stated as a condition</p> <p><b>Canada:</b> Clause 2.11 of section B of our contribution agreement template (standard clause) states this. All the principles (below) are covered by Part B Section 2 of the agreement 'General responsibilities of the Organization'.</p> <p><b>Sweden:</b> There is no legal requirement for Sida to have contracts with its partners. But it is praxis that all collaboration should be bound by an agreement in order to clarify the partner's roles and responsibilities and make it possible for Sida to follow-up on the funds. This is a recommendation of the Swedish SAI. To have sub-agreement throughout the chain is a format that Sida has chosen for its framework support but is it not legally required.</p>
21	The sub-agreements shall include the donor's conditions for financial reporting and auditing.	5 (SE, DK, CA, BE, FI)	2 (IR, NO)	4 (UK, AT, US, NL)		<p><b>Austria:</b> The financial reporting must be in line with ADA's requirements</p> <p><b>US:</b> "Sub-agreements" means additional agreements the leader has with US Missions for additional funding support and not what is meant with the question. In general, the conditions/terms of the agreement with the prime recipient flow down in the sub-agreements.</p>
22	All organisations further along in the chain shall have written sub-agreements with all CSOs/local partners to which it channels funds, before any disbursement can be made to them.	5 (SE, DK, CA, NO, FI)	4 (UK, IR, NL, AT)	3 (UK, US, BE)		<p><b>Norway:</b> There must always be an agreement with local partner.</p> <p><b>Belgium:</b> No such umbrella organisations</p>

						<b>UK:</b> DFID does not stipulate anything for the chain. It is entirely up to the organisation.
23	The recipient organisation shall ensure compliance of all conditions and requirements stipulated by the donor throughout the entire chain.	8 (SE, DK, IR, CA, NO, BE, FI, AT)	1 (UK)	1(NL)		<b>Ireland:</b> Expect it, but contract with recipient organisation does not specifically provide for ensuring compliance throughout the entire chain.
24	The recipient organisation shall ensure that sufficient systems for management and control exist in all contractual partners throughout the chain.	8 (SE, DK, IR, CA, NO, BE, FI, AT)	1 (UK)	2 (US, NL)		<b>Ireland:</b> Expect it, but contract with recipient organisation does not specifically provide for ensuring compliance throughout the entire chain.
25	Please provide any comment or clarifications related to the above questions focusing on the <b>contractual requirements</b> placed for funding support.					

Applications and budgets <i>This section deals with requirements placed on the applications and budgets for funding support.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments
26	The donor provides instructions for how the recipient organisation shall apply for support	11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)			2 (DK, BE)	<b>UK:</b> We have not held an application round since 2006 – if we held a new call we would have to develop new applications guidance.
27	A specific application format provided by the donor is required to be used.	7 (UK, CA, US, NO, BE, NL, AT)	3 (SE, IR, FI)		1 (BE)	<b>Finland:</b> Have a small list of important things – not a format.
28	A specific budget format provided by the donor is required be used.	5 (DK, CA, BE, FI, AT)	5 (UK, SE, IR, NO, NL)		2 (US, BE)	<b>Norway:</b> Want CSOs to use their own forms, but have a 'recommendation' to provide areas that NORAD feels should be in a budget.
29	The recipient organisation is required to enclose its audited annual financial statement in the application.	7 (UK, DK, IR, CA, FI, NL, AT)	3 (SE, NO, BE)			
30	Please state the currency the recipient organisation shall use in its budget and financial reports:  <b>Currency:</b> <b>£ Sterling</b> <b>SEK</b> <b>DKK</b> <b>Euro</b> <b>Canadian Dollars</b> <b>USD</b> <b>NOK</b>	1 (UK) 1 (SE) 1 (DK) 5 (IR, BE, FI, NL, AT) 1 (CA) 1 (US) 1 (NO)			1 (SE)	<b>Sweden:</b> Not much is regulated by law, but Sida has developed their own rules and regulations based on the external demands placed on Sida. The Federal Reserve and Ministry of Finance place such external demands. Sida's internal instruction responds to such demands regulating currency. <b>Denmark:</b> It is not a legal requirement or demand on Danida but an administrative praxis. If other currency was to be used it needs to be approved by the central auditor due to the risk of exchange losses. Danida can find ways to be flexible on this. <b>Canada:</b> Flexible. Have agreements with int. CSOs in Europe where the budgets are in Euro or \$. Realise that this is necessary when pooled funding.
31	The donor stipulates how the funds must be exchanged into local currency: a. the recipients must seek the best exchange rate, b. the recipient must use certain currency providers c. Other, please specify: d. there are no such regulations	1 (AT)  9 (NO, BE, NL, UK, SE, DK, IR, CA, FI)				
32	The application shall include:  a. a specific results framework (a logical framework) according to the donor's instruction	10 (UK, SE, DK, IR, CA, US, NO, BE, NL, AT)				<b>Holland:</b> track record, adherence to national code of conduct for NGO's, maximum level of salaries of employees of 128000 euro/yr, NGO must have its roots in Dutch society, NGO must work in 2 countries or more, minimum expenditures

	<p>b. a timeframe for the results framework</p> <p>c. a description of the recipient organisation's system for planning, monitoring and evaluation</p> <p>d. criteria for selection of project, partners or activities</p> <p>e. The division of responsibilities between the recipient organisation, national CSOs (e.g. its members), the international structure (e.g. Save the Children Alliance) and local CSOs/local partners in the chain.</p> <p>f. A description of how the support contributes to poverty reduction and the Millennium Development Goals</p> <p>g. A description of how the support ensures local ownership.</p> <p>h. A description of programmes</p> <p>i. Lists of all projects and core funding support to local CSOs for each programme</p> <p>j. Other, please specify:</p> <ul style="list-style-type: none"> <li>- Ongoing links with DFIDs programmes and policy work</li> <li>- The CSO's specific niche</li> <li>- Apply principles of aid effectiveness</li> <li>- Risk analysis and management</li> <li>- Sustainability</li> <li>- Planned evaluations</li> <li>- Strategic plan</li> <li>- Lessons learned</li> <li>- Linkages to other actors</li> </ul>	<p>7 (DK,CA, US, NO, BE, NL, AT)</p> <p>10 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL)</p> <p>5 (SE, DK, IR, US, NO)</p> <p>7 (SE, US, NO, BE, FI, NL, AT)</p> <p>7 (UK, SE, DK, CA, NO, FI, AT)</p> <p>9 (SE, DK, IR, CA, US, BE, FI, NL, AT)</p> <p>9 (SE, DK, IR, CA, US, BE, FI, NL, AT)</p> <p>5 (SE, DK, US, FI, AT – not core funding)</p> <p>1 (UK)</p> <p>1 (UK)</p> <p>1 (SE)</p> <p>2 (SE, FI)</p> <p>2 (SE, FI)</p> <p>2 (DK, FI)</p> <p>1 (IR, AT)</p> <p>2 (IR, FI)</p> <p>1 (IR, AT)</p>	<p>3 (UK, SE, IR)</p> <p>2 (UK, CA)</p> <p>4 (UK, DK, IR, CA)</p> <p>2 (IR, US)</p> <p>1 (UK)</p> <p>1 (UK)</p> <p>2 (UK, CA)</p>			<p>per programme per country is 200.000 euro, in 2015 60 % of the expenditures must be made in partner countries of the Dutch government.</p> <p><b>Austria:</b> No core funding at all</p> <p><b>UK:</b> We assess the PPA holder's governance before making funding decisions. The performance framework with agreed outcomes is very central in the relation. Internal governance is crucial . New criteria will be developed 2011. All will have to reapply.</p> <p><b>Denmark:</b> Results framework is central. We can agree with other donors on a common format.</p> <p><b>Ireland:</b> A time frame for the results framework will soon be introduced</p>
33	<p>The application requires elaboration of the following cross-cutting areas:</p> <p>a. Good governance</p> <p>b. Gender equality</p> <p>c. Environment &amp; climate change</p> <p>d. Conflict and security</p> <p>e. HIV/AIDS</p> <p>f. Disabled persons</p> <p>g. Children and/or youth</p> <p>h. Other, please specify: Hunger</p> <p>i. There are no such requirements</p>	<p>7 (DK, IR, CA, US, NO, FI, AT)</p> <p>9 (SE, DK, IR, CA, US, NO, BE, FI, AT)</p> <p>8 (SE, DK, IR, CA, NO, BE, FI, AT)</p> <p>3 (SE, US, NO)</p> <p>6 (SE, DK, IR, NO, BE, FI)</p> <p>4 (US, NO, FI, AT)</p> <p>5 (IR, NO, BE, FI, AT)</p> <p>3 (IR, NO, FI)</p> <p>1 (UK, NL)</p>			1 (US)	<p><b>Norway:</b> There are about 40 different strategies that should be taken into consideration when writing an application. Therefore there must be another strategy so NORAD 'expect the actors to have knowledge about Norwegian policies'. This is evaluated when proposal is presented from the CSO.</p> <p><b>Finland:</b> A bit flexible, 'They should have a stand' on the issue, and one or two <i>should</i> be included</p> <p><b>Holland:</b> <i>"Cross-cutting is out of fashion"</i>. However, if a programme sees to one of the 4 priorities of the Dutch national policy,</p>

						<p>then extra points will be awarded. the 4 priorities are: gender / climate change/security and growth and redistribution.</p> <p><b>Austria:</b> ADA provides questionnaires for Gender and Environment aspects. The completed questionnaires must be submitted together with the application.</p> <p><b>Denmark:</b> They must elaborate what they will do in these crosscutting areas.</p>
34	Please provide any comment or clarifications related to the above questions focusing on the requirements placed on <b>the application for funding support and the budget.</b>	AT: 10% are being retained until the end of the program				

<b>Deviations</b> <i>This section deals with the deviations that are allowed from the original budget and application by the donor.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
35	<p>The recipient organisation shall receive approval by the donor for reallocation of funds <b>between programmes</b> above a certain level (yes/no).</p> <p>The levels are:</p> <ul style="list-style-type: none"> <li>a. 1 - 5%</li> <li>b. 10%</li> <li>c. 15%</li> <li>d. 20%</li> <li>e. other; please specify <ul style="list-style-type: none"> <li>- No decided limit</li> </ul> </li> </ul>	<p>6 (SE, IR, CA, NL, NO, FI)</p> <p>1 (SE)</p> <p>3 (IR, NL, CA)</p> <p>1 (NO)</p> <p>1 (FI)</p>	2 (DK, US)	3 (UK, BE, AT)		<p><b>Belgium:</b> Every NGO can only get funding for one program at the time</p> <p><b>Finland:</b> No decided limit – they need to ask for approval</p> <p><b>Austria:</b> The recipient organisation can ask for reallocation of funds between projects within a Framework Programme</p> <p><b>UK:</b> Not applicable to the support model The value (the agreed amount) of the PPA for the first 3 years is set at the start of the PPA and does not change. The organisation can reallocate and use the funds how they want</p> <p><b>Denmark:</b> Danida is only concerned about reallocations between countries and regions (<i>higher level than programmes</i>) and between <i>higher-level budget lines</i> (e.g. from programmes to HQ expenses). Praxis is changed above 10%</p> <p><b>Canada:</b> Between programmes but within the same agreement (as opposed of two different agreements). The standard is the most of 10% and \$10,000. The \$10,000 was added to cover the variation of a small budget line.</p>
36	<p>The recipient organisation shall receive approval from the donor for reallocation between budget lines <b>within a project</b> above a certain level (yes/no).</p> <p>The levels are:</p> <ul style="list-style-type: none"> <li>a. 5%</li> <li>b. 10%</li> <li>c. 15%</li> <li>d. 20%</li> <li>e. other; please specify <ul style="list-style-type: none"> <li>- no decided limit</li> </ul> </li> </ul>	<p>5 (CA, US, BE, FI, AT)</p> <p>3 (BE, AT, CA)</p> <p>1 (BE)</p> <p>1 (FI)</p>	3 (SE, DK, NO)	3 (UK, IR, NL)		<p><b>Belgium:</b> Depending on the specific reallocation - it might be between 10-20%</p> <p><b>Finland:</b> No decided limit – they need to ask for approval</p> <p><b>Holland:</b> No distinction between project and program. Getting away from project as such.</p> <p><b>Austria:</b> Changes within a programme intervention need to be applied for only if the sum exceeds EUR 10,000)</p> <p><b>UK:</b> Not applicable to the support model</p>
37	<p>The recipient organisation shall receive approval of reallocation of funds:</p> <ul style="list-style-type: none"> <li>a. In advance</li> <li>b. In arrear</li> <li>c. The approval must be in writing</li> <li>d. Other, please specify</li> <li>e. There is no such requirement</li> </ul>	<p>9 (SE, DK, IR, CA, BE, NO, FI, NL, AT)</p> <p>7 (SE, DK, IR, CA, BE, FI, AT)</p>		1 (UK)		<p><b>UK:</b> Not applicable to the support model</p> <p><b>Denmark:</b> For reallocations as above</p> <p><b>Canada:</b> In arrear is possible but on exceptional basis.</p>



38	Please provide any comment or clarifications related to the above questions focusing on allowed <b>deviations from the approved budget and application.</b>		
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Requests for funds from the donor						
This section deals with how and how often the recipient organisation can request funds from the donor.						
		Yes	No	Not applicable	Bound by national legislation	Comments:
39	The recipient organisation shall request funds from the donors: a. As advance/forward contributions b. As arrear/reimbursement claims	10 (UK, SE, DK, IR, CA, NO, NL, BE, FI, AT)				<b>Holland:</b> 95% in advance and 5% when finished. (Business relation) <b>Canada:</b> b. is possible but rare. It happens when the level of risk of the organization is greater
40	Funds can be requested from the donor with the following intervals: a. Quarterly b. Bi-annually c. Annually d. Other; specify - According to needs	4 (UK, SE, DK, CA) 3 (IR, NO, BE) 2 (AT, NL)  1 (FI)				<b>Finland:</b> Should be discussed and approved according to the needs <b>Austria:</b> The two "big" recipient organisations for NGO Framework Programmes request funds upon their need, the other recipient organisations request funds annually.
41	The requisition shall be accompanied by: a. a budget for the requested period b. a cash flow projection for the requested period c. a financial report of used funds for the past period d. other, specify - only 4 <sup>th</sup> quarter ,budget and financial rep e. there is no such requirement	4 (IR, FI, AT, NL) 5 (DK, IR, CA, BE, FI) 4 (CA, NO, FI, AT)  1 (SE) 1 (UK)			1 (US)	<b>UK:</b> A short form is used for the next advance payment. They don't need to back it up by any facts. <b>Sweden:</b> The 4th requisition per year shall be accompanied by a budget for the last quarter, and a short financial report compared to budget for the past eight months. <b>Canada:</b> Do quarterly financial reporting as well, so in practise the financial reporting is linked to disbursement. To provide reports are a condition of the agreement but not specifically a condition of payment. <b>Holland:</b> On 1 October each year the NGO presents the annual plan for the following year including a budget and a request for disbursements. The ministry approves/asks for clarifications.
42	Funds which have not been requested before the end of the budget year are forfeited.	5 (UK, SE, NO, BE, FI)	6 (IR, CA, US, AT, DK, NL)			<b>Ireland:</b> Not automatically carried forward. They have to explain why not requested as planned. <b>Canada:</b> Possible to carry forward to next year except if it happens at the end of the agreement. <b>Denmark:</b> Total non-claimed funds and funds not used to carry forward can be maximum 10% of total agreement.
43	Please provide any comment or clarifications related to the above questions focusing on requirements for how the recipient organisation can <b>request for funds</b> from the donor.					

Disbursement of funds and financial management						
This section deals with requirements on how funds shall be disbursed from the recipient organisation and conditions for financial management placed on all partners.						
		Yes	No	Not applicable	Bound by national legislation	Comments:
44	The recipient organisation shall only disburse funds to its partners through the international banking system.	5 (SE, IR, CA, BE, AT)	4 (UK, DK, NO, FI)	1 (NL)	1 (US)	<b>NORWAY:</b> A need to be more flexible, for example with disbursements to Somalia. There are exceptions! <b>Finland:</b> Flexibility – sometimes it is difficult <b>Holland:</b> We don't get into such details <b>Sweden:</b> The norm is through the banking system but in exceptional cases other methods can be accepted if they are considered safe with special considerations taken to corruption risks and security in the transfer situation.
45	The recipient organisation shall ensure that local partners receiving funding support meet adequate standards for accounting and financial management.	8 (SE, DK, IR, CA, NO, BE, FI, AT)	1 (UK)	1 (NL)	1 (US)	
46	The recipient organisation shall keep the funds in: <ul style="list-style-type: none"> <li>a. in a bank account</li> <li>b. a <b>separate</b> bank account</li> <li>c. an <b>interest bearing</b> bank account</li> <li>d. there is no such requirement</li> </ul>	2 (UK, BE) 6 (SE, DK, IR, CA, NO, AT) 2 (SE, CA) 2 (FI, NL)			1 (SE)	<b>Austria:</b> Recipient organisation must open a separate bank account for ADA, but not for all different programmes/projects. In Austria, all bank accounts are bearing certain interests. <b>UK:</b> The organisation's bank account. From thereafter the funds are not traceable. <b>Sweden:</b> External demand on Sida by the Federal Reserve as the funds are borrowed on the international market and shall be replayed with interest. <b>Denmark:</b> Requirement is likely to remain.
47	<i>The recipient organisation shall ensure that its international structure (eg Save the Children Alliance) receiving funds from it shall keep the funds:</i> <ul style="list-style-type: none"> <li>a. in a bank account</li> <li>b. in a <b>separate</b> bank account</li> <li>c. in an <b>interest bearing</b> bank account</li> <li>d. there is no such requirement</li> </ul>	1 (DK) 1 (AT)  7 (UK, SE, IR, NO, FI, BE, NL)		3 (UK, CA, US)		<b>Sweden:</b> Not specifically regulated. Sida is not clear in what is required. The intention is to treat the international org. Like a local CSO (only bank account). <b>Denmark:</b> Not realistic to ask for separate bank account. Don't have any regulation for this level.

48	<p>The recipient organisation shall ensure that national CSOs (e.g. its members) receiving funds from it shall keep the funds:</p> <ul style="list-style-type: none"> <li>a. in a bank account</li> <li>b. in a <b>separate</b> bank account</li> <li>c. in an <b>interest bearing</b> bank account</li> <li>d. there is no such requirement</li> </ul>	<p>3 (SE, DK, AT) 1 (SE) 6 (UK, IR, NO, FI, NL, BE)</p>		3 (UK, IR, CA)	2 (SE, US)	<p><b>Sweden:</b> Demand for Swedish organisations only</p> <p><b>Denmark:</b> An upcoming revision of our guidelines will allow for national and local CSOs not having to run separate bank accounts</p>
49	<p>The recipient organisation shall ensure that <b>local partners</b> in the chain keep the funds:</p> <ul style="list-style-type: none"> <li>a. in a bank account</li> <li>b. in a <b>separate</b> bank account</li> <li>c. in an <b>interest bearing</b> bank account</li> <li>d. there is no such requirement</li> </ul>	<p>2 (SE, BE) 3 (DK, CA, AT) 1 (CA) 5 (UK, IR, NO, FI, NL)</p>		1 (UK)	1 (US?)	<p><b>Denmark:</b> An upcoming revision of our guidelines will allow for national and local CSOs not having to run separate bank accounts</p> <p><b>Ireland:</b> Not written in the GL. NGO partners of Irish Aid are expected to pursue appropriate policies and practices to support effective programme delivery including its own and its local partner's financial management and reporting.</p> <p><b>Canada:</b> All requirements are carried forward. Under Part B Section 2 (of the agreement) 'General responsibilities of the Organization', it is underlined that the grant-receiving organisation is following the same requirements the recipient organisation has with CIDA.</p>
50	<p>Please provide any comment or clarifications related to the above questions focusing on requirements for how the recipient organisation <b>disburses funds and the partners' financial management</b>.</p>					<p><b>Finland:</b> Q46-49: According to good practises and financial management</p> <p><b>Holland:</b> All of these issues are up to the Recipient organisation. The donor requires a sound financial and administrative system from the receiving organisations, to be confirmed by an approval by an accountant of the annual financial report. The donor requires the receiving organisations to have an anti corruption policy towards southern partners and internally. That will do it.</p>

<b>Procurement</b> <i>This section deals with conditions placed on the partners in the chain for how procurement shall be done.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
51	The recipient organisation shall ensure that procurement of goods and services made with the donor's funds meet clearly defined standards, i.e. being objective, transparent and competitive.	8 (SE, DK, IR, CA, NO, BE, FI, AT)	2 (UK, NL)		4 (SE, DK, IR, US)	<b>Holland:</b> The NGO is expected to have a sound system, up to national standards. <b>Sweden:</b> The Law on Public Procurement is applicable. Sida's procurement regulation is an interpretation of the law and as close as we can come a requirement bound by national legislation. <b>Denmark:</b> Bound by EU legislation <b>Ireland:</b> EU procurement legislation
52	The recipient organisation shall undertake procurements in accordance with: <ul style="list-style-type: none"> <li>a. its own procurement rules, which must be approved by the donor.</li> <li>b. the donor's procurement rules.</li> <li>c. other, please specify:</li> <li>d. there are no specific requirements.</li> </ul>	1 (SE)  6 (SE, DK, CA, NO, BE, FI) 1 (AT) 3 (UK, IR, NL)			4 (NO, FI, AT, US)	<b>Norway:</b> Adapting to EU-rules <b>Belgium:</b> Above 5500 € <b>Austria:</b> The Recipient shall not charge prices or payments that are higher than the normal prices in the sector or locality for the goods to be procured and/or the services to be performed pursuant to the Project Document. Rebates, discounts and the like shall be claimed by the Recipient and included in the accounts. Two offers must be obtained if the net procurement value is EUR 7,500 or less; three offers must be obtained if the net procurement costs are EUR 22,000 or less; if net procurement costs exceed EUR 22,000, public invitations to tender for the goods and/or services must be issued. <b>Canada:</b> The general rule is really in accordance to the donor's procurement rule. Exception is possible but really rare.
53	<i>The recipient organisation shall ensure that all partners throughout the chain undertake procurements in accordance with:</i> <ul style="list-style-type: none"> <li>a. <i>the partners' own procurement rules, which must be approved by the contractual party forwarding the funds</i></li> <li>b. <i>the donor's procurement rules</i></li> <li>c. <i>other, please specify:</i></li> <li>d. <i>there are no specific requirements</i></li> </ul>	2 (SE, DK)  4 (SE, CA, BE, FI)  5 (UK, IR, NO, NL, AT)		1 (UK)	1(US)  1(US)	<b>Denmark:</b> The auditors of the framework organisations shall check this. <b>Canada:</b> The general rule is really in accordance to the donor's procurement rule. Exception is possible but really rare.
54	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>procurements</b> using donor funds.					

Financial Reporting <i>This section deals with requirements for the recipient organisation's financial reporting.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
55	The donor provides specific instructions for financial reporting.	9 (SE, DK, IR, CA, NO, BE, FI, NL, AT)	1 (UK)		2 (US, BE)	
56	The recipient organisation shall submit financial reports for: <ul style="list-style-type: none"> <li>a. the recipient organisation as a whole, showing all supporting donors</li> <li>b. the amount received</li> <li>c. each programme</li> <li>d. each project</li> <li>e. other; please specify: <ul style="list-style-type: none"> <li>- annual audited accounts</li> <li>- the amount spent and received</li> </ul> </li> </ul>	3 (DK, IR, NL) 8 (SE, DK, IR, CA, BE, FI, NL, NO) 7 (IR, CA, BE, FI, NL, AT, NO) 4 (CA, BE, AT, NO)  1 (UK) 1 (AT)			1 (DK)  1 (US) 1 (US) 1 (US)	<b>Norway:</b> Varies according type of agreement; core, Programme or project <b>Holland:</b> the recipient organisation shall show in their financial report that 25% of the budget of the organisation is funded by other sources than government (donations, EU, other activities). Only restriction is that the 75% cannot finance activities to generate the 25% <b>UK:</b> No financial report for the PPA is required – but we do require a copy of the Annual Audited Accounts for the PPA holder as an organisation. The full audited accounts and demands that the income from DFID is clearly shown in the income statement <b>Denmark:</b> National legislation for auditing and accounting applies (accounting of public companies). Needs eg to provide accounts for the public.
57	The recipient organisation shall submit financial reports to the donor: <ul style="list-style-type: none"> <li>e. other, please specify: quarterly</li> <li>a. bi-annually</li> <li>b. annually</li> <li>c. at the end of the funding support period</li> </ul>	2 (CA, US)  9 (UK, SE, DK, IR, FI, NO, NL, AT, BE) 3 (FI, AT, BE)			1 (US)	
58	<i>All grant receiving partners in the chain shall submit financial reports to their respective contractual partners for:</i> <ul style="list-style-type: none"> <li>a. the organisation as a whole</li> <li>b. the amount received</li> <li>c. each programme</li> <li>d. each project</li> <li>e. other, please specify:</li> </ul>	2 (DK, NL) 4 (SE, DK, BE, FI) 3 (BE, FI, AT) 3 (BE, FI, AT) 1 (CA)	2 (UK, IR)	1 (UK)	  1 (US)  1 (US)	<b>UK:</b> Not a requirement. DFID does not bother about the chain <b>Ireland:</b> Not written in the GL. NGO partners of Irish Aid are expected to pursue appropriate policies and practices to support effective programme delivery including its own and its local partner's financial management and reporting. <b>Canada:</b> The financial statement of the recipient organisation.
59	The recipient organisation shall produce a comprehensive <b>end-term</b> financial report to the donor in accordance with the donor's instructions.	5 (SE, BE, FI, NL, AT)	5 (UK, DK, IR, NO, CA)		1 (US)	<b>Canada:</b> As an accumulative component in the quarterly reporting

60	The recipient organisation shall report total accrued interest by the recipient organisation on the donor's funding support: a. Annually b. At the end of the contractual period c. Other, please specify: d. There is no such requirement.	8 (SE, DK, IR, NO, BE, FI, AT, NL) 2 (FI, AT) 1 (CA) 1 (UK)				<b>Canada:</b> The recipient organisation uses quarterly a CIDA's standard form named 'Advance Payment Request' and on that form the have to disclose the 'accrued interest'.
61	<i>The recipient organisation shall report total accrued interest on the donor's funding support by all grant receiving partners in the chain</i> a. <i>Annually</i> b. <i>At the end of the contractual period</i> c. <i>Other, please specify:</i> d. <i>There is no such requirement.</i>	6 (SE, DK, BE, FI, NL, AT) 2 (FI, AT) 3 (UK, IR, NO)		1 (CA)		<b>Sweden:</b> Reporting of accrued interest is required by all levels in the chain even though local CSOs do not need to keep the funds in an interest bearing account. <b>Denmark:</b> Foresee that if one bank account is used the CSOs will report total interest accrued and distribute it proportionally among the donors which demand it. <b>Canada:</b> not applicable for grant
62	The recipient organisation shall report total exchange rate gains or losses on the donor's funding support: a. Annually b. At the end of the contractual period c. Other, please specify: expected but not required d. There is no such requirement.	4 (DK, BE, NL, AT) 2 (FI, AT) 1 (IR) 5 (UK, SE, CA, NO, FI)				
63	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>financial reporting</b> .					<b>Holland:</b> Whatever is relevant to the financial situation must be reported. Funding must be spent, if not, will be returned to donor. <b>Belgium:</b> The law on "rijkscomptabiliteit" (State Accountability) only states the general rule that -financial support must be justified/accounted for -and that the financial support must be used for the purpose for which it has been given

<b>Repayment</b> <i>This section deals with requirements for repayment of funding support and management of interest earned and exchange gains.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
64	The recipient organisation shall annually: <ul style="list-style-type: none"> <li>a. refund all funds not used before a fixed date to the donor</li> <li>b. refund funds not used above a certain level to the donor: <b>specify level:</b></li> <li>c. carry forward funds not used to the next financial year</li> <li>d. Other, please specify: with permission carry forward</li> <li>e. There is no such requirement</li> </ul>	1 (NO)  7 (SE, DK, CA, NO, BE, FI, AT) 2 (IR, NL) 1 (UK)			1 (US)	<b>Norway:</b> according to type of agreement <b>Holland:</b> refund funds not used if no other spending purpose has been submitted for approval to the donor <b>Austria:</b> The recipient shall refund funds not used by the end of the programme. The budget is fixed for the 3 years programme period. <b>Denmark:</b> The pledge is for one year but all funds do not need to be used within the year. They can carry forward undisbursed funds <b>Ireland:</b> Permission must be sought to carry forward funds. <b>Canada:</b> If the agreement is not ending. <b>Netherlands:</b> Refund funds not used, if no other spending purpose has been submitted for approval to the donor <b>Belgium:</b> Not used funds can be carried forward, but the CSO that has spent less than 50% of the money will have a reduction of the next payment.
65	The recipient organisation shall repay interest earned to the donor by a fixed date <ul style="list-style-type: none"> <li>a. Annually</li> <li>b. At the end of the contract period</li> <li>c. Other, please specify:</li> <li>d. There is no such requirement</li> </ul>	4 (SE, DK, NO, AT) 1 (AT)  6 (UK, IR, CA, BE, NL, FI)				<b>Denmark:</b> Repayment of interest will remain. Main argument is that it should not be a temptation to slow down the development work to earn interest. Needs to be annually due to the Finance Bill. <b>Ireland:</b> Report but not repay interest <b>Holland:</b> Interests gained on funding can be used in the programme. It is not allowed to add donor funding to a savings account of the receiving organisation when the funding could not be spent due to unforeseen circumstances.
66	The recipient organisation shall repay exchange rate gains earned to the donor by a fixed date <ul style="list-style-type: none"> <li>a. Annually</li> <li>b. At the end of the contract period</li> <li>c. Other, please specify:</li> <li>d. There is no such requirement</li> </ul>	1 (AT)  9 (UK, SE, DK, IR, CA, NO, BE, NL, FI)				<b>Belgium:</b> They may not invest money in speculation <b>Austria:</b> In special cases, the recipient organisation may reallocate exchange rate gains for other project/programme costs. <b>Ireland:</b> Report but not repay exchange gain



67	<p><i>Local partners receiving funding support shall:</i></p> <ul style="list-style-type: none"> <li>a. <i>Repay interest earned</i></li> <li>b. <i>Keep interest earned and use in the operations financed by the recipient organisation</i></li> <li>c. <i>Keep interest earned and use for any purpose</i></li> <li>d. <i>There is no requirement for how to handle interest</i></li> </ul>	<p>1 (DK) 4 (SE, CA, BE, FI)  4 (UK, IR, NO, NL)</p>		2 (UK, AT)		<p><b>Norway:</b> There is a parliament decision that interest should only be accounted for from Norwegian organisations. Hunting the local organisations interest would be an impossible job!</p> <p><b>Denmark:</b> Will change to b. once the requirement on separate account is dropped.</p>
68	<p><i>All partners in the chain shall annually:</i></p> <ul style="list-style-type: none"> <li>a. <i>refund all funds not used before a fixed date to the recipient organisation</i></li> <li>b. <i>refund funds not used above a certain level to the donor;</i> <b><i>specify minimum level:</i></b></li> <li>c. <i>carry forward funds not used to the next financial year</i></li> <li>d. <i>Other, please specify:</i></li> <li>e. <i>There is no requirement for how unused funds shall be handled</i></li> </ul>	<p>5 (SE, DK, CA, BE, FI)  4 (UK, IR, NO,NL)</p>		2 (UK, AT)		<p><b>Sweden:</b> Unused funds are repaid to the donor at the end of the agreement period.</p> <p><b>Canada:</b> If the agreement is not ending.</p>
69	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>repayment and managing interest earned and exchange gains.</b>					

<b>Narrative reporting</b> <i>This section deals with requirements for how the recipient organisation shall report narrative to the donor and the requirements placed on the report to be results-oriented.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
70	<p>The donor provides specific instructions for the narrative reporting (yes/no).</p> <p>The narrative reporting shall be:</p> <ol style="list-style-type: none"> <li>Results oriented</li> <li>Activity based</li> <li>Other, please specify:</li> </ol>	<p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>2 (CA, AT)</p>			2 (US, BE)	<p><b>Holland:</b> programme based and country based</p> <p><b>Austria:</b> According to Logical framework</p> <p><b>Ireland:</b> Expected but not yet really there. Weak outcome reporting.</p>
71	<p>The recipient organisation shall present a <b>results-oriented</b> narrative report to the donor:</p> <ol style="list-style-type: none"> <li>Bi-annually</li> <li>Annually</li> <li>At the end of the contract period</li> <li>Other, please specify:</li> </ol>	<p>1 (CA)</p> <p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>2 (FI, AT)</p>				
72	<p>The format of the reports shall be made:</p> <ol style="list-style-type: none"> <li>according to a specific template provided by the donor</li> <li>according to the recipient organisation's own format, pre-approved by the donor</li> <li>according to the recipient organisation's own format</li> <li>other, please specify: Format in accordance with donor's GL</li> </ol>	<p>5 (UK, CA, NO, BE, AT)</p> <p>2 (DK, US)</p> <p>3 (SE, FI, NL)</p> <p>1 (IR)</p>				<p>Norway: Encourage CSOs to use their own formats, but give recommendations on areas that should be mentioned – flexible!</p> <p><b>UK:</b> The agreed performance framework is the centrepiece in the relation. The organisations must report outcomes at the agreed level using agreed indicators. DFID is not interested in activities or projects</p>
73	<p>The results-oriented narrative reports shall contain:</p> <ol style="list-style-type: none"> <li>results (outcomes) in relation to the results framework (the log frame) in the application</li> <li>results in cross-cutting themes</li> <li>improvements in effectiveness</li> <li>results from risks management</li> <li>results for each programme</li> <li>results for each project (if not programmes)</li> <li>other, please specify:</li> </ol>	<p>11 (UK, SE, DK, IR, CA, US, NO, BE, FI, NL, AT)</p> <p>8 (SE, DK, IR, CA, US, NO, FI, AT)</p> <p>5 (SE, IR, CA, FI, AT)</p> <p>4 (SE, DK, CA, FI)</p> <p>9 (SE, DK, IR, CA, US, NO, FI, NL, AT)</p> <p>4 (SE, CA, US, AT)</p>				
74	<p>Please provide any comment or clarifications related to the above questions focusing on requirements for <b>narrative/results-oriented</b> reporting</p>					<p><b>Holland:</b> It is customary that the donor posts questions on the report and that a policy meeting at a high level takes place based on the annual report. In many cases the annual report submitted to the donor is exactly the same as the report to the public and the report is public. Thus donor requires no special report.</p>

<b>Evaluations</b> <i>This section deals with requirements on the recipient organisation to undertake evaluations of the funding support</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
75	The donor requires that the recipient organisation shall independently initiate evaluations of the funding support.	9 (UK, SE, DK, US, NO, BE, FI, NL, AT)	2 (CA, IR)			<b>Belgium:</b> It is clearly stated that CSO's have to do evaluations for each funded project or program, but there are no rules on how and when. <b>UK:</b> DFID provides draft TOR to the PPAs and expect them to evaluate their PPAs (externally) using the funding provided. All 30 PPAs are requested to do this before the end of the funding period. The evaluations focus on the outcome of the performance framework; barriers, successes, lessons learned. <b>Sweden:</b> Not clear what is requested. The CSO should have a <b>system</b> for evaluations and be able to show it. <b>Denmark:</b> They should have their own cycles of evaluation and undertake external evaluations of their programmes at regular basis. <b>US:</b> Evaluations by recipient organizations are encouraged, but USAID is moving toward designing impact evaluations into the Request for Applications (i.e. the program description/Scope of Work). <b>Ireland:</b> Expect them to do evaluations and they do, but the requirement has been loose. Now forward all evaluations done last two years and indicate which ones are good to see standards. Irish Aid is starting to work on this more. Irish Aid make two mandatory comprehensive monitoring missions per framework organisation per contract period (5 years) where they look at the full systems from HQ all the way to the partners (systems audit) <b>Canada:</b> CIDA initiates the evaluation. CSOs are required to monitor results of their programs on an ongoing basis and report.
76	The recipient organisation shall initiate evaluations of the funding support at certain intervals (yes/no)  <b>Please specify how often:</b> <b>Annually</b>	2 (UK, AT)  1 (UK)	9 (SE, DK, IR, US, NO, BE, FI, NL, CA)			<b>Norway:</b> In proposals, evaluations and reviews should be mentioned and included. <b>Finland:</b> During the period. <b>Austria:</b> Evaluations of projects within Framework Programme: mid-term or in the last year External evaluation of Framework Programme in the last programme year

						<p><b>Holland:</b> It is required that by the end of the grant period (in 2015), at least 75% of the programmes of the recipient organisation will have been evaluated. This can be done at a representational basis. The evaluations must be of sufficient quality.</p> <p><b>UK:</b> They are expected to continuously monitor and evaluate internally their operations to be able to report outcomes.</p> <p><b>Sweden:</b> Not specified</p> <p><b>Denmark:</b> Expect them to have always 1 – 2 evaluations ongoing. They should report what they have done, outcomes and what they plan to evaluate next year.</p>
77	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>evaluating</b> the funding support.					

<b>Auditing</b> <i>This section deals with requirements placed on the partners in the chain regarding audits of funds received.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
78	The donor provides specific audit instructions.	7 (SE, DK, IR, US, NO, FI, AT)	4 (UK, CA, BE, NL)		4 (UK, US, SE, DK)	<b>UK:</b> The instructions and regulations are laid down by the Charity Commission not DFID <b>US:</b> US Code of Federal Regulations <b>Denmark:</b> National legislation for auditing and accounting applies (accounting of public companies). <b>Canada:</b> Two types of audits: 1. CIDA undertakes own audit of the recipient organisation by contracting an external auditor. 2. The organisations undertake their own annual audits and shall submit the audited financial statements annually as per the fiscal year-end of the organisation.
79	The recipient organisation is required to be audited: a. Annually b. At the end of the contract period c. At other intervals; please specify: once/5 years Every 2 <sup>nd</sup> year d. There is no such requirement	8 (UK, SE, DK, CA, NO, BE, FI, NL)  1 (IR) 1 (CA) 1 (AT)				<b>Austria:</b> Most recipient organisations submit audit reports, but there is not requirement from ADA to do so. Expenses can also be documented by original vouchers. <b>UK:</b> The charity commission regulates that accounts are audited annually, not DFID. DFID requires to <b>receive</b> the annual audited accounts. <b>Ireland:</b> Irish Aid 's audit department undertake their own audits of the framework organisations once per five years <b>Canada:</b> The contribution agreement includes a 'Schedule of Reports' which identifies when they have to be submitted. The organisations shall submit their annual audited accounts and a more detailed audit of the line items, called audited financial schedule which gives more detailed information about the revenues of the recipient organization
80	The audit of the recipient organisation shall include: a. the recipient organisation's statutory audited accounts b. the audited report of the donor's total funding support c. audits per programme d. audits per partner organisation e. audits per project f. other; please specify: GL requires tracking/auditing funds to end-users As per the terms of the agreement g. there is no such requirement	9 (UK, SE, DK, IR, CA, NO, BE, FI, NL) 5 (SE, DK, IR, NL, FI) 1 (AT)  1 (AT)  1 (IR) 1 (CA)				<b>Holland:</b> the recipient organisation is audited on a yearly basis according to national auditing standards. <b>Austria:</b> If recipient org. submit audits <b>UK:</b> Annual audited accounts <b>Sweden:</b> If core-support audit of the whole organisation shall be submitted, if project-support audit of the respective projects shall be submitted.

						<b>Ireland:</b> Shall submit their own audited accounts annually
81	Are there minimum levels under which audits are not required? Please specify  <b>Minimum level:</b> <b>Below 1 million Canadian dollars</b> <b>Below 100.000 NOK</b>	2 (CA, NO)  1 (CA) 1 (NO)	8 (UK, SE, DK, IR, BE, FI, NL, AT)			<b>UK:</b> Charity Commission regulates that charities with annual income below £500.000 do not require audits. The PPAs do all have higher annual income.
82	The donor shall: a. approve the terms of reference for the audit of the recipient organisation. b. provide the auditor c. approve the auditor d. other, please specify	4 (SE, IR, CA, AT)  2 (IR, CA) 4 (SE, IR, CA, AT) 1 (FI)	5 (UK, DK, NO, NL, BE)			<b>Norway:</b> none of the mentioned <b>Finland:</b> Requirement of authorization <b>Canada:</b> This relates to the CIDA audit every second year.
83	The audit shall be conducted in accordance with international auditing standards: a. issued by the International Federation of Accounts (IFAC) b. issued by the International Organisation of Supreme Audit Institutions (INTOSAI) c. generally accepted accounting principles (GAAP) d. Other; please specify - Unspecified international standards - Auditing Practices Board's International Auditing standards - International Auditing and Assurance Standards (AASB) - In accordance with ISA 800 - National audit standards	2 (SE, FI)  2 (DK, CA)  3 (IR, NO, DK) 2 (UK, BE)  1 (AT)  1 (SE) 1( NL),				<b>Norway:</b> the audit shall be carried out in accordance with the current national and international auditing standards at all times <b>Holland:</b> the auditor must meet national auditing standards <b>Austria:</b> International Auditing and Assurance (IAASB) Standards <b>Ireland:</b> Not specified which standards <b>Denmark:</b> International standard, but don't want to specify which standard shall be used.
84	The recipient organisation shall apply the donor's financial year (yes/no).  The donor's financial year is: a. Calendar year b. Other; please specify: March 31st	7 (SE, DK, NO, FI, NL, IR, CA)  6 (SE, DK, NO, FI, NL, IR)  1 (CA)	3 (UK, BE, AT)			<b>UK:</b> They use their own financial year
85	The set of required audit reports from the recipient organisation comprise of : a. the audit report/certificate b. the audit statement of the financial report c. the audit memorandum/management letter d. follow-up of previous management letter recommendations	9 (UK, SE, DK, CA, NO, FI, NL, AT, IR) 9 (UK, SE, DK, CA, BE, FI, NL, AT, IR) 4 (SE, DK, FI, NL) 2 (SE, DK)				

	e. the recipient organisation's management response f. other, please specify audited financial scheme	3 (SE, DK, NO) 1 (CA)				
86	The recipient organisation shall submit the set of audit reports to the donor by a fixed date.  <b>Please state the date:</b> 3 months after the end of their financial year Following their own financial year, date specified in agreement March 31 April 15 or May 1 May 31 June 30 August 31 October 1	9 (UK, SE, DK, CA, NO, BE, FI, NL, IR)  1 (UK) 1 (CA) 1 (IR) 2 (SE, NL) 1 (NO) 1 (BE) 1 (FI) 1 (DK)				Norway: It is possible to postpone to October or so – Would actually be a good idea. <b>Austria:</b> at each reporting period (annually and after project/programme has been completed, normally 3 months later) <b>Ireland</b> The MAPS Partners are required to provide summary information on sources of audit assurance in their annual report to Irish Aid which is due on 31 <sup>st</sup> March each year. Such audit assurance include: 1. Annual Audited Financial Statements of MAPS Partner Overseas Operations. 2. Annual Audited Financial Statements of NGO Partners' local partners (Sub Grantees). 3. Audits Conducted by NGO Partners' Internal Audit Functions. 4. Reports from Other External Audits.
87	<i>There shall be an unbroken chain of audit reports all the way to the end-user of the funds.</i>	6 (SE, DK, NO, BE, FI, AT)	3 (CA, NL, IR)	1 (UK)		<b>Holland:</b> Don't go into these details <b>Austria:</b> according to IAASB standard YES, in practice often not possible) <b>UK:</b> DFID does not regulate the chain at all. It is up to the organisations. <b>Denmark:</b> The responsibility of the framework org's auditor to ensure <b>US:</b> The mandatory standard provision should be incorporated in all sub-awards meeting the threshold limit <b>Ireland:</b> Guidelines to partners require NGO partners to track & audit funds to final beneficiaries but there is no requirement of an unbroken chain of audit reports
88	<i>The audit of <b>national CSOs</b> (e.g. the recipient organisation's membership organisations) receiving contributions from the recipient organisation shall include:</i> a. the national CSO's statutory audited accounts b. the audited report of the total funding support c. audits per programme d. audits per project e. other; please specify	2 (SE, DK) 2 (SE, DK) 1 (AT) 1 (AT)	5 (UK, NO, BE, FI, NL)	3 (UK, IR, CA)		<b>Sweden:</b> If core support only a, If project support only b
89	<i>The recipient organisation shall for <b>national CSOs</b>:</i>		1 (UK)	6 (UK, IR,		

	<ul style="list-style-type: none"> <li>a. approve the auditor,</li> <li>b. approve the terms of reference for the audit</li> <li>c. control that all audit reports have been submitted , i.e.: <ul style="list-style-type: none"> <li>1. the audit report/certificate</li> <li>2. the audit statement of the financial report</li> <li>3. the audit memorandum/management letter</li> <li>4. follow-up of previous management letter's recommendations</li> <li>5. the CSO's management response</li> <li>6. other, specify</li> </ul> </li> <li>d. assess the audit reports and act based on the information.</li> <li>e. ensure that the audit instruction is included in the agreements with local CSOs,</li> <li>f. Other, please specify</li> </ul>	3 (SE, DK, AT) 3 (SE, DK, AT) 2 (SE, DK) 3 (SE, DK, FI) 2 (SE, DK) 2 (SE, DK) 2 (SE, DK) 2 (SE, DK) 2 (SE, DK) 3 (SE, DK, FI)		CA, NO, BE, NL)		
90	<p>The audit of <b>the international structure</b> (e.g. Save the Children Alliance) receiving contributions from the recipient organisation shall include:</p> <ul style="list-style-type: none"> <li>a. the international CSO's statutory audited accounts</li> <li>b. the audited report of the total funding support</li> <li>c. audits per programme</li> <li>d. audits per project</li> <li>e. other; please specify:</li> </ul>	1 (SE) 1 (FI)	2 (UK, DK)	7 (UK, CA, NO, BE, NL, AT, IR)		<p><b>Sweden:</b> Core support is not likely, therefore only b</p> <p><b>Denmark:</b> As yet there are no guidelines for auditing of the funds going from framework NGOs to the international networks. Up to the Danish auditor to decide what should be demanded. In the coming years we will need to start to look at the international level and discuss with other donors what should be demanded. This is not included in the present revision of the GL.</p>
91	<p>The recipient organisation shall for <b>its international structure</b>:</p> <ul style="list-style-type: none"> <li>a. approve the auditor,</li> <li>b. approve the terms of reference for the audit</li> <li>c. control that all audit reports have been submitted , i.e.: <ul style="list-style-type: none"> <li>a. the audit report/certificate</li> <li>b. the audit statement of the financial report</li> <li>c. the audit memorandum/management letter</li> <li>d. follow-up of previous management letter's recommendations</li> <li>e. the management response</li> <li>f. other, specify</li> </ul> </li> <li>d. assess the audit reports and act based on the information.</li> <li>a. ensure that the audit instruction is included in the agreements with local CSOs,</li> <li>e. Other, please specify:</li> </ul>	1 (SE) 1 (SE) 1 (SE) 2 (SE, FI) 1 (SE) 1 (SE) 1 (SE) 1 (SE) 1 (SE) 1 (SE) 1 (SE) 1 (SE) 2 (SE, FI)	2(UK, DK)	7 (UK, CA, NO, BE, NL, AT, IR)		
92	<p>The audit of <b>local partners</b> receiving contributions from the recipient organisation shall include:</p> <ul style="list-style-type: none"> <li>a. its statutory audited accounts</li> <li>b. the audited report of the total funding support</li> </ul>	4 (SE, DK, BE, FI) 3 (SE, DK, FI)	6 (UK, CA, NO, NL, AT, IR)	1 (UK)		<p><b>Sweden:</b> If core funding only a</p> <p><b>Ireland:</b> This is not a requirement by Irish Aid. The is a decision for the relevant boards/senior management of relevant CSOs</p>



	<ul style="list-style-type: none"> <li>c. audits per programme</li> <li>d. audits per project</li> <li>e. other; please specify:</li> </ul>	<ul style="list-style-type: none"> <li>1 (FI)</li> <li>1 (FI)</li> </ul>				<b>Canada:</b> There is a general demand on the Canadian CSOs that they should apply the same conditions that they have in the agreement with CIDA on the local partners and exercise good financial control, but audits of local partners is not specifically mentioned in the agreement.
93	<p>The CSO forwarding the contribution to <b>the local partner</b> shall:</p> <ul style="list-style-type: none"> <li>a. approve the auditor,</li> <li>b. approve the terms of reference for the audit</li> <li>c. control that all audit reports have been submitted , i.e.: <ul style="list-style-type: none"> <li>a. the audit report/certificate</li> <li>b. the audit statement of the financial report</li> <li>c. the audit memorandum/management letter</li> <li>d. follow-up of previous management letter's recommendations</li> <li>e. the management response</li> <li>f. other, specify</li> </ul> </li> <li>d. assess the audit reports and act based on the information.</li> <li>b. ensure that the audit instruction is included in the agreements with local CSOs,</li> <li>e. Other, please specify:</li> </ul>	<ul style="list-style-type: none"> <li>2 (SE, DK)</li> <li>2 (SE, DK)</li> <li>3 (SE, DK, FI)</li> <li>3 (SE, DK, FI)</li> <li>3 (SE, DK, FI)</li> <li>2 (SE, DK)</li> <li>2 (SE, DK)</li> <li>2 (SE, DK)</li> <li>2 (SE, DK)</li> <li>2 (SE, DK)</li> <li>3 (SE, DK, FI)</li> <li>2 (BE, FI)</li> </ul>	6 (UK, CA, NO, NL, AT, IR)	1 (UK)		<b>Ireland:</b> This is not a requirement by Irish Aid. The is a decision for the relevant boards/senior management of relevant CSOs
94	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>auditing</b> .					<b>Holland:</b> It is up to the recipient organisation to handle the financial relations with other organisations. They set the rules.

<b>Risk management</b> <i>This section deals with requirements placed on the partners in the chain to assess and document risks.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
95	The recipient organisation shall make a documented risk analysis and a plan of action for management of risks: <ul style="list-style-type: none"> <li>a. Annually</li> <li>b. Initially in a new application period</li> <li>c. Other, please specify: expected but not specifically required</li> <li>d. There are no such requirements</li> </ul>	4 (SE, DK, CA, FI) 4 (SE, CA, NO, FI) 1 (IR, NL) 2 (BE, UK)		1 (AT)		<b>Holland:</b> In the application a risk management description is required. <b>Austria:</b> LFA is enough
96	The risk analysis shall be made in accordance with an internationally accepted framework (e.g. ISO 31000).		10 (UK, SE, DK, IR, CA, NO, BE, FI, NL, AT)			<b>Sweden:</b> International framework for management and control , e.g. COSO/CoCo, but not specifically for risk analysis
97	<i>All partners in the chain shall make a documented assessment of risks and a plan of action for management of risks:</i> <ul style="list-style-type: none"> <li>a. Annually</li> <li>b. Initially in a new application period</li> <li>c. Other, please specify:</li> <li>d. There are no such requirements</li> </ul>	1 (SE) 1 (SE) 8 (DK, IR, CA, NO, BE, FI, NL, AT)	1 (UK)	1 (UK)		
98	The recipient organisation shall immediately inform the donor if illegal misuse of funds has been detected.	8 (SE, DK, IR, CA, NO, BE, FI, AT)	2 (UK, NL)		1 (US)	<b>Belgium:</b> There is no specific regulation, but the principle of bonus pater familias is applicable here. <b>Holland:</b> Information on misuse of funds in the annual report is customary. The recipient organisation is expected to inform the donor on risks whenever applicable. <b>Canada:</b> Not specifically mentioned in the agreement. Was in the past.
99	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>risk management</b> .					

<b>Dispute resolution</b> <i>This section deals with requirements for how conflicts shall be resolved.</i>						
		Yes	No	Not applicable	Bound by national legislation	Comments:
100	The national laws of the donor's country apply to the contract with the recipient organisation.	10 (UK, SE, DK, IR, CA, NO, BE, NL, AT, FI)			2 (US, NO)	<b>UK:</b> According to English law but our agreements are not legally binding <b>Sweden:</b> The framework agreements are under Swedish judiciary.
101	In case of a dispute which cannot be solved by the contractual parties, the dispute shall be directed to: <ol style="list-style-type: none"> <li>The national court system in country of the grant receiving organisation</li> <li>The national court system in the country of the donor</li> <li>International arbitration</li> <li>Other, please specify:  <b>try to resolve, terminate the agreement, take action to recover some funding</b> </li> </ol>	1 (CA)  6 (IR, NO, BE, FI, NL, AT)  1 (UK)	2 (SE, UK)		1 (US)	<b>UK:</b> The relation is based on mutual trust. DFID would not take the organisation to court but try to resolve the situation or in a worst case terminate the funding. <b>Sweden:</b> There are no requirements how to solve a dispute in the chain below the recipient organisation. Not included in the agreement or instruction. Common praxis in pooled funding where Sweden participates is international arbitration as it is faster and cheaper than going through national court system. <b>Denmark:</b> No demands in the GL but expect the CSOs to take the matters to the police and use the national court system. The framework organisations often cover losses with own money. Report on irregularities to Danida early. <b>Canada:</b> Would be in the country where the recipient organisation is registered. In Canada, it could be under a federal jurisdiction or a provincial jurisdiction.
102	<i>The respective national rules and regulations for accounting and taxation shall apply for each partner in the chain, including the recipient organisation's international structure.</i>	7 (SE, DK, IR, BE, FI, NL, AT)	1 (CA)	2 (UK, NO)	1 (US)	<b>Canada:</b> Canadian rules apply
103	Please provide any comment or clarifications related to the above questions focusing on requirements for <b>dispute resolution</b> .					<b>Holland:</b> The recipient organisation is required to have rules and regulations for disputes with southern organisations.