

Rules for Support to Civil Society Actors – Chapter 160.70

These rules have been drafted pursuant to section 6 of the Regulations on Financial Management in the Central Government and chapter 6 of the Provisions on Financial Management in the Central Government. The rules apply to Norad's management of grants to civil society actors according to budget chapter 160.70, and they entered into force on 1 January 2010. The Regulations and Provisions on Financial Management in the Central Government have precedence over these rules.

The rules apply to four different types of agreement with Norwegian NGOs

- one-year project agreements
- three-year project agreements
- long-term cooperation agreements
- long-term core support agreements

The first two categories apply to new organisations and small organisations, while the last two apply to medium-sized and large organisations with long experience in development assistance. On points in the rules where the different categories are treated differently, this is indicated in the text.

1 Objectives of the scheme

The objective of this grant scheme is reduced poverty, increased democracy and respect for human rights through a strong, independent and versatile civil society in the South.

The objectives are set out in more detail in "Principles for Norad's Support to Civil Society in the South", dated May 2009, hereafter referred to as "the Principles".

Support for NGO actors is provided within the framework of current policy guidelines, particularly the annual budget proposition (Proposition No. 1 to the Storting). Support is subject to annual fiscal budget allocations.

2 Target groups for the grant scheme

The scheme seeks to impact two target groups: (a) civil society in the South, particularly the actors that work for development, democratisation and redistribution of power, and (b) poor and marginalised social groups towards which the efforts of the grant recipient and local partner are directed. As regards mobilisation of NGOs at all levels in combating poverty and suppression, we refer to "the Principles".

3 Criteria for achievement of objectives

In order to be able to aggregate information on the results from the various projects under the scheme to the overall objectives of the scheme, reporting of the results of the individual projects must be at the highest possible level.

Annual reports shall mainly refer to the most important products and services (output), deviations and risk management, while periodical and final reports shall deal with effects achieved for the users (outcome), sustainability, cooperation patterns and what has been learned from the initiatives. In the case of long-term agreements on cooperation and core support, the reporting shall be kept at an aggregated level, thus showing current trends and tendencies for development efforts. In addition, the organisations shall select one or more representative examples at project level for an account of results achieved for the users. The long-term impacts of the projects shall be included if possible.

4 Allocation criteria

Where can projects be implemented? Projects that receive support under this scheme shall be implemented in countries at any given time included in the OECD/DAC list of ODA recipients.

Who can apply for support? The cooperation with Norwegian organisations includes a diversity of actors, such as Norwegian NGOs, trade unions, organised interest groups, religious and social movements, education institutions and diaspora organisations. Purely commercial actors, enterprises and consultancy firms fall outside.

Diaspora organisations are assessed collectively as a separate group (see section 6 of “the Principles”). A grant recipient is required to:

- be an independent legal entity with its own articles of association and a responsible board. The board must normally be administratively separate from the day-to-day operations of the organisation.
- have drafted a strategic plan/ action plan and ethical guidelines for its involvement in developing countries.
- have an adequate economic base for the work to be carried out and the necessary technical and administrative competence to implement the projects.
- be registered in “Innsamlingsregisteret”
- be able to mobilise and engage its membership or supporters beyond collecting financial contributions.
- have established cooperation with local partners

Who can be a local partner? The allocation shall primarily be used for cooperation with non-governmental partners in civil society. Private individuals may not be partners. Local or central government authorities may in certain cases be development partners when this promotes capacity building within their spheres of responsibility and when the grant recipient has a specific competence that is in demand.

What topic areas can be supported? The allocation may in principle be used in all topic areas conducive to sustainable social and economic development. Which topics, at any given time, shall be given priority is decided in relation to policy guidelines, particularly the annual budget proposition (Proposition No. 1 to the Storting) and the annual letter of allocation from

the Ministry of Foreign Affairs to Norad, cited in the announcement of the scheme. In addition, the allocation may be used for methodological development, analyses, studies, reviews, etc., and in special cases for pilot projects designed to clarify the potential for translating new initiatives into practical development assistance.

Assessment criteria when considering applications: The criteria below apply in principle to all agreement types, but the requirements imposed are gradually increased for each higher agreement level, from one-year project agreements via three-year project agreements and cooperation agreements to core support agreements. See also “the Principles”.

Grant decisions shall be made on the basis of an overall assessment of the application. Criteria fall into two main categories: those that apply to assessment of the organisation and those that apply to assessment of the development assistance activity. Key factors in assessing the organisation are:

- capacity and competence to achieve the organisation’s objectives
- the organisation’s cost-effectiveness, i.e. its capacity to achieve the organisation’s objectives on the basis of the smallest possible outlay.
- systems for follow-up of results
- capacity to identify and manage risk
- financial control, including corruption prevention measures
- the organisation’s added value, i.e. its capacity to provide assistance beyond pure transfer of funds
- the organisation’s involvement in Norway in relation to development and development assistance. Capacity for long-term planning
- sustainability and exit strategies, cf. Norad’s publication: “Assessment of Sustainability Elements/Key Risk Factors” (May 2007).
- inclusion of cross-cutting topics: Women, gender equality, the environment, HIV/AIDS, conflict sensitivity and anticorruption measures.

The various criteria will be weighted according to the size of the organisation, the country context and the orientation of cooperation. In project agreements, there is a particular emphasis on solidarity involvement. In the case of specific advocacy programmes, some of the criteria will be irrelevant.

Requirements regarding the recipient’s share of costs: A specific allocation criterion is that the organisation can show in its budget that it covers 10 per cent of the costs with its own cash funds earned in Norway (excluding administrative costs). The value of property or labour cannot be included in the recipient’s share of costs. In special cases, exemptions from this requirement may be applied in particularly high-priority areas for Norwegian development assistance.

Proportion used for administration: Up to 8 per cent of actual consumption may normally be used to cover administrative costs. By administrative costs is meant support for the grant recipient’s operations. Administrative costs that accrue at a local partner are regarded as project/programme costs and are not subject to the 8 per cent rule.

In excess of administrative costs, parts of the support may be used for technical follow-up of the programme. By technical follow-up is meant, for example, preparation of annual plans,

objectives, indicators, training, etc. A cost defined as technical follow-up must provide a direct added value to the programme and be deemed necessary for implementing the programme and for achieving results in the programme.

Costs associated with local representation may wholly or partly be regarded as technical follow-up if Norad considers this appropriate in relation to the effectiveness of the development assistance.

In the case of core support recipients, no rate for administrative costs is specified, but Norad will assess the grant recipient's total administrative budget.

Requirements regarding applications: Separate application forms have been prepared for the various agreement types in order to standardise the information required by Norad, and thus help to ensure as far as possible equal treatment of applicants. The forms are made available on Norad's web site.

5 Information to potential grant recipients

The scheme shall be announced on Norad's web site, www.norad.no, which is kept continuously up-to-date. Here, information is provided concerning final application dates, application and report forms and documents that must be enclosed with the application. A guide to filling in the application form has been prepared. In addition, further information on the application and on management of the grant can be obtained from Norad.

Organisations that have not previously received support under this scheme shall always apply for one-year agreements. Small organisations with considerable experience of development assistance will be considered for three-year agreements. When assessing the application, in addition to experience, importance will be attached to the quality of project implementation, management and documented results.

Norad decides which organisations shall be placed in the category "organisations with cooperation agreements", including "organisations with core support agreements". Importance is attached, inter alia, to long experience of development assistance, good strategic analyses, documentation that the organisation on the whole achieves the objectives it sets itself, and that it has established a quality assurance system that functions throughout the management chain down to the target group.

6 Follow-up and control

The grant recipient is responsible for management of grants in accordance with the grant letter and the agreement concluded. Implementation responsibility and control of activities shall be regulated in the agreement between the grant recipient and the local partner. Norad shall supervise that the organisation complies with its obligations by means of various follow-up and control measures to be dimensioned according to the scope and content of the development assistance activity.

Umbrella organisations are included as a major category of grant recipients in the chain between Norad and the end user. They consist of federations of suborganisations, organised and represented via a secretariat. Norad enters into an agreement with the secretariat, which is responsible for quality assurance and further management of the grant for the member organisations. Grants are regulated by separate agreements between the umbrella organisations and Norad.

Procedures for processing of applications

An application (multi-year plan) for a new long-term agreement, cooperation agreement or core support agreement shall apply for the whole planning period. It shall be updated each year (annual plan). Multi-year plans shall be subjected to a relatively extensive processing procedure involving consultations with relevant specialist departments at Norad and at selected development assistance embassies. On the basis of the consultative comments, a decision document shall be prepared, which shall apply for the whole agreement period. A separate grant letter shall confirm the level of the grant and provide special guidelines. The subsequent annual processing of applications shall be less thorough, and is primarily an adjustment of the long-term plans. The same shall apply to three-year project agreements, but the processing procedures may be somewhat simpler.

Before entering into a new multi-year agreement, an organisational review shall normally be conducted, which, together with the application, forms the basis for the grant decision. The review attaches particular importance to the organisation's strategy, relationship to Norwegian development assistance policy priorities, organisational structure, management capacity, technical competence, etc. The review may be conducted by internal resources in Norad or external experts or a combination of these (see also "the Principles").

The processing of applications for one-year project agreements is normally simpler than that for long-term agreements, particularly in the case of well established applicants. In the case of new applicants, consultations with relevant specialist departments and development assistance embassies may be appropriate following closer assessment. On the basis of consultative comments, a decision document is drafted, that applies for one year at a time. The grant is made in a separate grant letter, with special guidelines if appropriate.

Detailed requirements regarding the application's form and content are provided in the approved application template, which shall be made available with the announcement at www.norad.no

Grant commitments lapse if they are not accepted within eight weeks.

Consideration of appeals

Allocation decisions and rejections of applications for grants are individual decisions pursuant to section 2, first paragraph (b), of the Public Administration Act, and may be appealed to the Ministry of Foreign Affairs, cf. section 28, second paragraph, of the Public Administration Act. The appeal shall be submitted to Norad within three weeks from the date that notification of the decision is received by the applicant, cf. sections 29 and 32 of the Public Administration Act.

Any appeal shall be reconsidered by Norad, which may itself reverse the original decision. All appeals shall be subject to formal processing, which shall be carried out as neutrally as possible, i.e. new officials shall be involved in assessing the case. Appeal grievances shall be viewed in relation to the grounds and assessments provided in the rejection letter.

The appeal process in Norad shall normally not take longer than three weeks. If Norad upholds the rejection, the matter with an endorsement is referred to the Ministry of Foreign Affairs to be decided there. The decision of the Ministry of Foreign Affairs is final, and the Ministry shall send its reply directly to the applicant.

In appeal cases, the first disbursement is withheld until the appeal has been decided and the grant letter/contract has been signed.

If so requested, Norad will provide further guidance on how the organisation shall submit an appeal.

Norad shall practise disclosure to parties pursuant to chapter 4, sections 18 and 19 of the Public Administration Act, and disclosure to persons other than the parties to the matter pursuant to the Freedom of Information Act. The rules for right of access to information shall apply to all stages of administrative procedures.

Identification of risks and risk management

Realisation of the objectives of this scheme is associated with considerable risk. Applicants must be able to identify risks and consider what counter-measures may, if appropriate, be implemented and what type of risk may be accepted. The methodological requirements imposed by Norad are described in detail in the publication “Results Management in Norwegian Development Cooperation”, December 2008, which is available from Norad’s web site.

The scheme establishes a long chain of actors from Norad as provider of development assistance, via umbrella organisations, Norwegian organisations, local representation, local organisations down to the end user. This may result in pulverisation of responsibility and thus an increased risk that the objectives of the scheme will not be achieved.

As a counter-measure, Norwegian organisations are required to have a written agreement with a local partner, and this agreement must contain satisfactory procedures with regard to reporting, audit and anticorruption measures. The risk is further reduced by means of organisational reviews (partner assessments), evaluations, field visits, random checks and the requirement that Norwegian organisations shall operate on the basis of ethical guidelines for the development assistance activity.

Assessment and reporting of the degree of achievement of objectives

Norad requires that each programme or project must have a realistic objective. The objective must be a result, not only a description of processes and activities. The objectives must have sound indicators of the extent to which the objectives are attained. The applications must specify baseline data in order later to be able to report on changes in and effects of the projects. It is important to maintain a clear distinction between activities and results.

In the case of long-term agreements on cooperation and core support, reporting shall be carried out in three stages: an annual report (status report), a periodical report (in the final year of the support period) and a final report (during the year following the end of the support period). The reporting shall relate to contracts and workplans. In the case of long-term agreements, the reports shall be discussed at the annual meeting and be approved in a separate letter to the organisations. The discussions shall include assessment of results achieved, the risk situation both within and outside the programmes and any causes of failure to achieve objectives.

Norad places the main emphasis on the periodical result report, which, together with an organisational review and the application, forms the most important basis for entering into a new agreement. The annual report shall be brief and only include results (cf. section 3.)

In the case of project agreements, both one-year and three-year, reporting shall be carried out in two stages: an annual report and a result report (final report), both relating to the contract/grant letter.

For all categories of reporting, forms have been created that give a more detailed description of the requirements imposed by Norad (see www.norad.no). The organisations may report in the format found most suitable in relation to their own routines provided that answers are given to Norad's questions.

Organisations with cooperation agreements or core support agreements shall prepare their own plans for reviews of the activities supported by Norad. The plans shall apply to the whole agreement period, but shall be most detailed for the first year. The plans shall include broader reviews (or evaluations), for example assessing all the programmes in a country or region or in the most important strategic areas.

All organisations shall continuously submit reports and summaries of reviews and evaluations of programmes financed by Norad. Further instructions are available at www.norad.no.

Requirements regarding accounts and audit

Audited accounts for the previous year shall be submitted to Norad within the time limit specified in the agreement.

In order to ensure that the audit is given the desired content, a guide has been prepared, which the grant recipient shall send his auditor, and which shall accompany the abstract of accounts. The accounts shall be audited by an external registered or state authorised public accountant. The local organisation shall hire its own auditor. Locally audited accounts from the project shall be incorporated in the audit conducted by the Norwegian auditor.

If the auditor does not submit a clean auditor's report for the accounts, Norad will consider what sanctions shall be applied (see under possible sanctions, below).

The audited accounts shall be approved in a separate letter to the organisation.

Disbursement pace, collection of interest, reimbursement of unused funds

The grant is normally disbursed in two instalments per year. Advance disbursements may maximally apply to a period of six months. The first disbursement takes place following the signing of the agreement/grant letter by both parties.

If a party to the agreement is to enter into a new multi-year agreement, up to 10 per cent of a tentative grant may if necessary be disbursed in accordance with an addendum to the previous agreement.

Subsequent instalments are disbursed on written request from the grant recipient. The disbursement amount shall, if appropriate, be offset against unused funds from the previous year. Audited accounts from the previous year and the final report shall, if appropriate, be approved prior to disbursement of the final instalment. On expiry of the agreement, unused funds shall be reimbursed to Norad by 31 May in the year following the last year of the agreement period. If grant funds from Norad are included in co-financing by two or more donors, any unused funds shall be subject to reimbursement to the donors in proportion to the contribution made by each individual donor.

Grant funds in respect of which Norad has not received a satisfactory auditor's report the following year are deemed to be unused and a demand for reimbursement shall be made or they shall be offset against the next disbursement in the agreement period.

In the case of core support organisations, no obligation to reimburse grants shall be stipulated except in cases where there are clear breaches of the conditions for the support. Disbursement shall be made in accordance with documented financial needs.

The grant recipient shall deposit the grant on a separate interest-bearing account. At the end of the year, interest earned in Norway shall be reimbursed to Norad by 31 January the following year. An account statement showing the earned interest shall accompany the payment. Interest earned in the country where the development assistance activity is carried out shall accrue to the programme, and shall be shown as income in the accounts report.

Possible forms of sanction against grant recipients

If the grant recipient breaches the obligations set out in the agreement, for example provides incorrect information, uses the grant for purposes other than prescribed in the agreement, lacks agreed control systems, violates ethical guidelines, etc., Norad will consider applying appropriate sanctions.

In cases where breach of contract is established, Norad may reject applications for new programmes, withhold or reduce future disbursements, demand (full or partial) reimbursement or terminate the agreement, cf. article 8.4 of the cooperation agreement/three-year project agreement and article 7 of the one-year project agreement. When assessing which form of sanction to apply, regard shall be paid, inter alia, to the seriousness of the breach of contract proportionate to the negative consequences of the sanctions for the grant recipient.

Norad practises zero tolerance of corruption. This means that the grant recipient is obliged to organise its activities in such a way that corruption, misuse of funds and irregularities are effectively combated throughout the organisational chain down to the end user. The grant recipient shall within a reasonable time notify Norad of any suspicion of corruption. Norad has established a special notification service enabling anonymous notification (see www.norad.no).

On suspicion of financial irregularities, Norad shall notify the Central Control Unit at the Ministry of Foreign Affairs in accordance with “the Guidelines for dealing with suspicions of financial irregularities in the Foreign Service and Norad” (January 2008) and “A practical guide for dealing with suspicions of financial irregularities in grant management (September 2008).

7 Evaluation

Partial evaluations shall be made of civil society support in individual countries, and selected thematic analyses shall be conducted.