

Resources for Community Resilience



Grant Manual

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Contact info:

Website: <https://www.r4cr.org/>

Facebook: <https://www.facebook.com/r4crsxm>

Email: info@r4cr.org

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Abbreviations and Acronyms

COCI	Chamber of Commerce & Industry
CSO	Civil Society Organization
CSPFRP	Civil Society Partnership Facility for Resilience Project
ESS	Environmental and Social Standard
FCA	Financial Capacity Assessment
GBV	Gender Based Violence
GRM	Grievance Redress Mechanism
GM	Grant Manual
GoSM	Government of Sint Maarten
ILO	International Labor Organization
LBT	Learning Benchmark Training
M&E	Monitoring and Evaluation
NRRP	National Recovery and Resilience Plan
OHS	Occupational Health and Safety
PDT	Pre-Disbursement Training
PIU	Project Implementation Unit
POM	Project Operations Manual
PTC	Project Technical Committee
R4CR	Resources for Community Resilience
SEAH	Sexual Exploitation, Abuse and Harassment
TA	Technical Assistance
VNGI	International Cooperation Agency of the Association of Netherlands Municipalities
WB	World Bank

Purpose of the Grant Manual

Under the World Bank (WB) administered trust fund program 'Reconstruction of Sint Maarten', the Civil Society Partnership Facility for Resilience Project (CSPFRP), more commonly known as the Resources for Community Resilience (R4CR) program, includes a Grant Scheme as funding mechanism for community and social rehabilitation initiatives on St. Maarten.

The Grant Scheme is meant to achieve the main objective of R4CR to improve the capacity of Civil Society Organizations (CSOs) to support reconstruction and resilience activities at community level and contribute to service provision in the aftermath of hurricane Irma in 2017¹.

The R4CR program covers the three identified priority sectors of the National Recovery and Resilience Plan (NRRP), namely: community recovery and resilience, economic recovery and resilience, and government recovery and resilience, and follows the main principles as identified in the plan: inclusivity, transparency, sustainability, multi-sector orientation and long-term development.

This Grant Manual (GM) is an instruction guide for CSOs currently active on Sint Maarten that would like to apply for funds available under this Grant Scheme. The GM describes the different steps to be followed from the official announcement and call for proposals to the assessment, selection, contract awarding and finally implementation. The GM will be reviewed regularly to adopt lessons learned and good practices from implementation.

Attached to this GM are a number of standard templates that must be used while preparing an application. The GM is thus an instruction guide to understand what is expected from applicants and what applicants can expect from the Grant Scheme and ensures there will be transparency and equal and fair participation.

¹ CSOs are considered as the wide array of Non-Governmental Organizations (NGOs) and not for profit organizations that have a presence in public life and express the interest and values of their members and others, based on ethical, cultural, political, scientific, religious or philanthropic considerations (World Bank, civil society, <http://www.worldbank.org/en/about/partners/civil-society32>).

1. Grant Scheme - General Information

Following consultations with communities, the Grant Scheme will finance small grants provided to local CSOs generating project proposals to implement activities focused on reconstruction, resilience and service provision. No major civil works nor new constructions will be financed. Rather, projects to be financed will constitute those requiring rehabilitation and be of relatively small magnitude compared to other, large-scale investment projects. Support will not include any land acquisition nor activities related to the displacement of populations. Applications will be submitted and grants awarded following a screening against predetermined eligibility criteria.

The prime stakeholders are the citizens and communities of Sint Maarten who suffered from hurricane Irma. They will benefit from rehabilitated cultural, environmental, health, social and educational services, capacity building and technical assistance (TA). Target groups will continuously be consulted before and during implementation to make sure that the main objective, reconstruction and improving services and building resilience, will be addressed.

The Grant Scheme offers two different modalities during four years of implementation (2020-2024). In the first year two 'Quick Win' rounds (6 months each) were launched. In following years a maximum of five regular application rounds will be organized, which will follow the steps as described in section 2 below. The regular call for proposals will cover a longer time-frame than the 6 months implementation period during the 'Quick Wins'.

Project activities can cover subject categories such as:

- Community councils/neighborhood initiatives and initiatives for relief;
- Day care centers/afternoon school programs and activities;
- Sports and recreational activities/facilities;
- Nature and environment (re-/upcycling) and animal welfare activities;
- Art, cultural, archaeological and heritage activities;
- Psycho-social and emotional support, general health and wellbeing;
- Poverty relief;
- Youth employment/entrepreneurship;
- Skills development;
- Tackling Gender Based Violence (GBV)

The PIU, in charge of the day-to-day coordination of all project initiatives, will make sure that during each application round there will be a balanced representation of thematic areas listed above to underline the importance of all civic society areas and treat them in an equal manner.

Table 1 below presents a list of actions that apply to the R4CR Grant Scheme Cycle.

Table 1: Overview of actions during the Grant Scheme Cycle

Action
Target group consultations take place
General announcement made
Generic information sessions organized
Clarifications and answers to questions spread amongst applicants
Fixed deadline for submission of project proposals set
Full assessment made by evaluation team (administrative, social and financial)
Successful applicants meet at least 70% of the overall total score
Additional managerial and financial assessment possible before grant awarding
Grant agreement signed
Monitoring plan required
Pre-disbursement training obligatory for project staff organized
Learning benchmark training obligatory for project staff organized
Narrative and financial reporting obligations
Final audit statement required

2. Grant Scheme Cycle

2.1 Official Announcement

Relevant project information will be officially communicated through the media. In addition, generic information sessions will be organized where the PIU will provide an explanation of the overall R4CR program including areas to be covered, target groups, budget ceilings, time frame and conditions for participation. Potential applicants will be invited through various media and have the opportunity to ask questions and/or clarifications about the Grant Scheme during these sessions.

Due to the fact that in principle all CSOs must get an equal opportunity to submit an application which meets basic requirements, the PIU will, during the preparation stage of the overall project, organize generic information sessions and also provide TA to staff of organizations that are less adept with the submission of complex project proposals. Such support will not only provide CSOs with the necessary assistance during preparation leading to higher quality proposals, but also strengthen the internal technical capacity of CSOs resulting in better operating organizations.

2.2 Request for Clarification

Following the official announcement, the presentation of information and TA session, potential applicants may ask for a clarification on one or more aspects of the process. The PIU may conclude that additional information is necessary to clarify or modify aspects of the call for proposals. This need for adjustment can follow an official request made by a potential applicant, but can also result from an omission observed in the GM.

Applicants have an equal opportunity to raise concerns and questions on the Grant Scheme and the procedures and guidelines. Requests for a clarification or explanation must be sent in English (E-mail or hardcopy letter) to the PIU.²

To ensure that all applicants have equal access to the additional information provided through the request for clarification procedure, all questions and answers will be published anonymously on the R4CR program website (www.r4cr.org). In addition, the PIU will include a column on the website with Frequently Asked Questions (FAQ) in which clarifications will be given on main issues. In the interest of equal treatment of applicants, the PIU will only reply to questions that deal with the procedures and guidelines related to the call for proposals.

The PIU will not provide any information or response on the eligibility of an applicant, the suitability of a project application or budget or any other information that puts the applicant in an advantaged position in comparison to other potential applicants.

2.3 Eligibility Criteria

The main objective of the R4CR program is to improve the capacity of Civil Society Organizations (CSOs) to support reconstruction and resilience activities at community level and contribute to service provision in the aftermath of hurricane Irma in 2017.

Projects proposals that do not meet or contribute to that general goal will not be eligible for funding.

The following eligibility criteria are applicable to CSOs requesting funding from R4CR:

1. The applicant submitting the project proposal, and their partnering organization, must be a foundation, association or similar. The applicant cannot be a private person, business or similar. This must be clearly stated in their 'Articles of Incorporation'.
2. Project proposals must contribute to the general goal of reconstruction and resilience post hurricane Irma, effects of the COVID-19 pandemic can be included.
3. CSO must be legally registered as a non-profit organization at the St Maarten Chamber of Commerce and Industry. The excerpt of the Chamber registration must not be older than one year
4. Applications submitted must be submitted in English and signed by an authorized representative of the CSO.
5. The required standard templates, as provided by R4CR, must be used to submit the application. The most current versions are found on the R4CR website, and must be used in accordance to the applicable grant rounds.
6. Project goals and associated activities should cover one (or more) of the subject categories listed in Chapter 1.
7. The implementation period may not exceed the stated period which will be communicated during the official call for proposals announcement.
8. The to be requested total budget cannot exceed the stated amount which will be communicated during the official call for proposals announcement.
9. Project applications must be submitted prior to the stated submission deadline which will be communicated during the official call for proposals announcement.
10. Project proposals must make clear how vulnerable/target groups in society will benefit from project implementation.

² When the official announcement of a call for proposal is made, the PIU will communicate the specific dates and deadlines for submission of documentation. This will also be announced through various media sources.

11. An applicant cannot take part in more than one application per funding round, irrespective of the exact position of the organization in the application (lead applicant or sub partner).
12. The project proposal and associated budget must be realistic and feasible; the project goal(s) must be in line with that of the applying organization, and the size, scope and budget of project, must be in line with the capacities of said applicant.

Projects that will not qualify for funding under the R4CR program include:

1. Major construction or civil works projects
2. Projects that are the primary responsibility of Government, such as regular education or justice
3. Projects of a predominantly commercial nature
4. Projects that include land acquisition
5. Projects that lead to the displacement of people, cause harm to monuments or do not inherently comply with the Environmental and Social Standards (ESS) as defined by the World Bank (<https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>)

2.4 Submission of Applications

Applications submitted under the Grant Scheme will have to comply with the general notions of R4CR, as described in section 1 and 2.3. Eligible projects must provide evidence that they cover one or more of the identified priority sectors defined under the NRRP, namely: community recovery and resilience, economic recovery and resilience and/or government recovery and resilience.

Project proposals can one cover at least one of the ten subject categories as defined in section 1: community councils/ neighborhood initiatives; day care centers/afternoon school programs and activities; sports and recreational activities/facilities; nature and environment (re-/upcycling) and animal welfare activities; art, cultural, archaeological and heritage activities; psycho-social and emotional support; poverty relief, youth employment/entrepreneurship, skills development and tackling gender based violence.

Special emphasis must be addressed to the most vulnerable groups in the society (i.e. single-person headed households, youth, elderly, displaced and disabled persons). Ultimately this must result in a more equitable, effective, efficient, responsive and accountable service provision.

Applicants can submit a proposal either as a separate organization or in partnership with other organizations and thus form a consortium. The composition of a consortium to implement a project will be considered an asset for which bonus points during the assessment process can be obtained. The main applicant will be considered the lead organization and must always be a locally registered CSO and as such be the direct contact point for the PIU. International NGOs can only become a supportive part of a consortium provided that they will not take the lead position. They cannot submit a request on their own behalf.

An applicant cannot take part in more than one application at a time irrespective of the exact position of the organization in the application (lead partner or sub partner). In case a partner still submits more applications, all applications in which this partner participates will be rejected. Applications submitted by a partnership of organizations must attach a signed partnership agreement.

The closing date for project applications will be communicated during the official announcement as described in sections 2.1 and 2.2 above. Applications need to be typed or written in English and signed by an authorized representative of the applicant.

A complete application package consists of a fully completed grant application form as hard copy or in electronic format attached to an E-mail message including annexes.

Applications submitted will be registered according to date and time of receipt. A confirmation of receipt of your application will be provided in hard copy (when hand delivered) or through E-mail (when sent by E-mail).

It is important to use the required standard templates as attached to this GM document when submitting an application (Annex 1, Annex 2, Annex 5 and Annex 6). Only complete application forms, required annexes and documentary proof will be accepted and transmitted to the evaluators for assessment. Additional documentation presented in the package (for example, brochures, leaflets, materials previously developed etc.) will be separated from the application package and will not be taken into account during the assessment.

2.5 Application Assessment

The assessment of applications will start immediately after the deadline for the submission of applications has passed. The assessment process is divided into two phases:

A Administrative Assessment

Information related to the registration and operation of the CSO:

- The lead applicant is a legal entity established as not for profit and is registered with the Chamber of Commerce & Industry (COCI) on Sint Maarten. An up-to-date registration document, not older than one calendar year, is attached;
- The lead applicant has submitted the internal regulations known as the 'Articles of Incorporation' or 'Statutes' and by-laws associated with being a not-for-profit entity;
- The lead applicant has attached implementation reports (both technical and financial) of the last two consecutive years. In case a CSO has been established more recently and financial reports of two consecutive years cannot be attached, the lead applicant has to include other proof of capability such as a profit and loss statement over the past period and an operational budget;
- In case of a consortium, all partners (lead and sub-partners) in the application are legal entities established as not for profit and are registered with the COCI on Sint Maarten. Recent registration documents for sub-partners, not older than two calendar years, are attached;
- In case of a consortium, each partner has submitted a signed partnership statement.

Information related to the submission of the application:

- The application is received by the PIU before the closing date and time of the call for proposals;
- The application is submitted in line with the format templates (Annex 1 – Template Technical Proposal and Annex 2 – Template Financial Proposal) as attached to this GM;
- The application is typed/written in the English language;
- The submitted application is complete and includes a project description and budget in line with Annex 1 and Annex 2 Templates attached to this GM;
- The requested amount does not exceed the indicated maximum amount per project;
- The submitted application has been signed on the final page;
- A hard or soft copy of the application has been submitted.

Applications that have passed the administrative assessment phase above will move on to the second phase, assessment of the project proposal. To avoid any conflict of interest, a team of assessors will perform this phase of evaluation on the quality of the proposal. Scores will be awarded following assessment criteria as included in the grant application scoring grid (Annex 4). The grid provides for a standardized rating system per pre-defined variables with a total maximum score of 100%. The grid includes three main categories on which scores can be attained: organizational capacity, quality of the technical proposal and the attached budget (financial proposal).

B. Project Proposal Assessment

Organizational Capacity

Since the (lead) applicant will be responsible for implementation of the activities, the organizational capacity (management, technical and financial capability) needs to be evaluated. The PIU assesses if the applicant has the adequate capacity to implement the proposed project and the grant provided will be used effectively. In addition, the PIU wants to know whether the (lead) applicant, being the contact point for the PIU, has the capacity to manage and administrate the grant as well. The (lead) applicant will, as such, be fully responsible for both the technical execution and financial management of the grant towards the PIU.

The first generic project screening is done on technicalities. Is the organization eligible based on submitted documentation. The PIU also takes into account a fair representation of projects among the 10 different categories.

The grant application scoring grid is used to make a first selection of the project proposals and short list the most promising submissions. The organizational capacity and technical capacity are assessed based on the project proposal and supporting documents submitted while the financial capability is evaluated based on the annual reports and the proposed project budget submitted.

A Financial Management self-assessment questionnaire (see Annex 7) will be completed by the short listed CSO and submitted to VNGI. FM information submitted will be reviewed by VNGI as part of the FM assessment capacity of the CSO.

All activities planned to achieve project results and outcomes are called technical implementation. Periodic reports describing the progress of a project are called technical reports. In the periodic financial reports a clear overview and explanation of expenditures made and the financial managerial responsibility is provided.

Technical – Quality of the Project Proposal

The proposal should present a technically sound approach to addressing issues or needs relevant to the R4CR program in a realistic manner. The approach should also be assessed in terms of appropriateness in the cultural and geographical context. The evaluation of the quality of the application is divided in five subcategories: quality of the project design, relevance, feasibility, impact and sustainability.

- The project design is the result not only of the accuracy of a technical solution, but also of the acceptance by all parties involved of the need for and the approach to implement the project.
- Relevance of the grant application is linked to the question whether the grant application and the proposed interventions are consistent with the target group requirements, needs, priorities and partners as well as with the R4CR program requirements and policies.
- The application will be assessed on its feasibility, meaning the capability of executing the approach or targets set within the proposed timeline and budget.

- Impact relates to tangible and intangible effects (consequences) of the proposed project for the beneficiaries and the target areas. These effects can be positive or negative, primary and secondary, short-term and long-term, directly or indirectly, intended or unintended.
- The application will include innovation initiatives, where appropriate, and indicate how to achieve sustainability/project continuation, if applicable, on the ground, after the project ends.

The template for the technical proposal (i.e. project plan) is attached as Annex 1 to this document. The assessment of the organizational capacity and quality of the project proposal will be made first. Applications which reach at least 70% of the scores on organizational capacity and on quality of the technical proposal will qualify for the second round where assessment of the financial proposal (budget) will be taken into account.

Financial Proposal - Budget

The Grant Scheme uses basic principles and cost categories for eligibility of costs to help applicants to prepare a solid budget and to set grounds for good financial management of the grant project. The budget will be assessed on compliance with our guiding principles of fairness, reasonableness and related to the proposed project objectives and activities. In addition, the budget will be assessed on inclusion of eligible costs, whether the estimated amounts correspond with the anticipated activities and outcomes, and whether the budgeted amounts are realistic for the implementation of the proposed activities.

In case the project will use volunteers, will be co-financed, or where a personal contribution is guaranteed, this must be made clear in the project budget and is considered an asset. In order to make the project sustainable (if applicable), it is strongly recommended to ensure the goal(s) and objective(s) not be dependent on a one-off contribution through the Grant Scheme, but to also guarantee future costs coverage through other (future) funding sources. Submission of a future financial plan is in such cases strongly advised.

The budget must be prepared following the standard template as provided in Annex 2 to this GM.

Expenditures will only be considered as eligible when:

- Costs are indicated in the total estimated budget for the project, which is part of the contract;
- Costs are incurred during the lifetime of the project with the exception of the costs for auditing of the final financial report³;
- Costs are identifiable and verifiable, meaning that they can be recorded in the accounting system of the applicant and supported by original documents (bills, invoices and receipts);
- Expenditures comply with the requirements of applicable tax and social legislation;
- Costs are reasonable (fair market price), justifiable and comply with the requirements of sound financial management.

All ineligible costs and/or unspent funds must be refunded to R4CR prior to project closure and the receiving of a close-out letter. In Annex 3 to this GM, a complete list of (direct and indirect) eligible and ineligible costs is included.

When submitting an application in partnership with other organizations, the evaluation of the financial capacity is based on the capacity of the lead applicant. The lead applicant will be the contact point for the PIU and is thus responsible for the overall execution and financial management of the grant.

³ In sections 2.7 and 2.9 below more specific information on the type of audit required is provided.

Sufficient financial capacity of the lead applicant to manage and administrate the grant project is therefore a key requirement.

It is up to the discretion of the applicant to ensure that proposed costs are in line with the applicable government directives. Applicants should also be aware of the World Bank (WB) rules and regulations, related to the procurement of goods and services⁴.

2.6 Selection, Negotiation and Contract Awarding⁵

After review of the application and before contract awarding, the PIU reserves the right to request a justification on entries in both the technical as well as the financial section of the application. This could result in a request for amendments and/or corrections, to reach a final accepted version of the proposal, both the technical as well as the financial part. The final budget is to be included as an annex to the grant agreement. Each technical and financial proposal submitted under the Grant Scheme will be assessed according to the criteria and guidelines as mentioned in section 2.4 above.

The total score of each submitted application will be the result of adding the scores for each section of the grant application scoring grid. After all applications have been scored, applications will be ranked based on their total score from high to low. Only applications that meet the administrative requirements and are awarded at least 70% of the overall total score on organizational capacity, quality of the application and budget, will be included in the final ranking list. A provisional list will be compiled of applications that will be awarded with a grant, starting with the number one on the ranking list and going down the ranking until the Grant Scheme budget envelope for a particular call for proposals is depleted.

The PIU is responsible for the final selection of the grantees and submits the list of proposed grantees to the Project Technical Committee (PTC) for final endorsement⁶. Applicants which have been provisionally selected will be informed in writing by the PIU and will enter into the negotiation phase.

Grants awarded to applicants can only be used for the execution of their grant application, as submitted and approved. The project design needs to be developed in such a way that it fits the predefined period of implementation.

The PIU will inform applicants that they have been provisionally selected on the merit of their proposal and implementing capacity. The PIU will prepare a draft contract agreement with the selected applicants after they have submitted the following documents:

- Bank detail verification form (Annex 5) together with a recent bank statement of the applicant to verify the current bank account number and holder;

⁴ Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants – <https://projects.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework#framework>. Successful applicants are obliged to participate in the Pre-Disbursement Training (PDT) where attention will be addressed to the procurement under WB supported projects.

⁵ Financial management requirements (including reporting and auditing requirements) will be specified in the contract agreement.

⁶ The PTC will ensure that, during implementation of R4CR, neutrality and inclusiveness are visible in design but also functional in practice with so many different stakeholders involved that will have variant interests and expectations. The PTC will help manage risk and public perception around major sensitivities that can arise during project implementation.

- Legal verification form (Annex 6), which will be cross-checked with supporting documents provided by the applicant as indicated in section 2.4 above, under administrative assessment;

The PIU reserves the right to make an additional in-depth assessment of the managerial and financial capacity of each provisionally selected lead applicant before contract signing. The main purpose of this assessment is to make sure that the applicant has sufficient professional capacity to implement the proposed activities as described in the grant proposal, as well as to identify areas that require special capacity building interventions or major concerns that may prevent the PIU from issuing an award to the applicant.

The managerial assessment will particularly concentrate on governance and human resource development, more specifically on the diversity/independence of board members, transparency in decision-making processes, the communication lines and accountability of management. The financial assessment will primarily focus on planning and budgeting, basic accounting systems in place, internal control procedures, financial reporting and grant management.

Following the assessment, the PIU can decide the following:

- If the identified capacity is too weak, resulting in too high financial or managerial risks, the contract will not be awarded;
- To award a contract to the applicant under the condition that certain controls and tools proposed by the PIU will be adopted;
- To award a contract to the applicant under the condition that intensive training will address the identified weaknesses⁷.

For all financial transactions made under the project, the PIU will use the bank account of the lead grantee, as submitted. The lead grantee must take the necessary measures to ensure that all processes on income and expenses for said project are separated from other transfers, i.e. potential other (donor funded) projects. The use of a unique three level coding system by the lead grantee is thus an obligation to clearly identify all transactions made under the given project funded by this Grant Scheme. In case of multiple projects, the first figure will mark the project, the second figure the category (e.g. activities, staffing or logistics) and the third figure the specific transaction (e.g. 1.1.1). All transactions related to the R4CR program will use this unique coding system which will differentiate from expenditures made under other projects. Clearly, a separate bank account, will also be accepted.

During contract negotiations, the PIU and the applicant will jointly discuss whether small adjustments of the grant application, budget, or organizational management system are necessary/required. Adjustments requested by the PIU are based on findings, comments and recommendations made by the assessors during the grant evaluation process and on the results of the financial capacity assessment. In case no agreement can be reached during contract negotiations, the PIU is not obliged to award the contract and can at all times decide not to sign the grant agreement, and vice versa.

Once all negotiations are finalized and documented, and the grant application and grant budget are adjusted to reflect the outcomes of the contract negotiations, the grant contract can be prepared for signing. The grant application and grant budget are an integral part of the contract. The grant contract will be prepared in two copies. Both original copies of the grant contract shall be signed by the authorized persons on behalf of R4CR and the applicant.

⁷ The MA may provide active support in strengthening the institutional capacity of organizations.

In case of a consortium, each applicant will need to sign the contract agreement. Both the PIU and the lead applicant will receive an original signed copy. In case of a consortium, each partner will receive a copy of the grant contract. No advance payments or any financial transfers will be released to the applicant until the duly signed original contract is received by the PIU.

2.7 Training and Capacity Building

The capacity building and training activities are divided over five separate phases as indicated in the table below.

Phase	Topic	Description	When
1. Pre-grant Phase	Information sessions (A1)	Face to face and virtually	Each grant application round – starting at least two weeks before the official announcement of grant application round.
	Support on grant writing applications (A2)	Guidance of CSOs who need extra support	Each grant application round – during the application period
		Guidance of CSOs who applied in a previous round but have potential to become eligible in a next round	Previous to the next round and during the application period of the upcoming round
2. Project Preparation Phase	Pre-Disbursement Training (B1)	Via face-to-face meeting CSOs are made familiar with all aspects of the POM	At the start of the grant application round before the first advance payment is disbursed
3. Project Implementation Phase	Project implementation financial management and reporting (C1)	Individual guidance on procurement, request for quotations, advanced payment requests. This also includes support with the financial and technical monthly report.	On-going with a focus on the early stages of project implementation due to the fact that CSOs are not yet familiar with all the forms and procedures.
	Needs- and interest-based skills training (D)	A variety of workshops on different topics are offered. CSOs can select individually, where the PIU could encourage specific CSOs to participate.	Currently on-going where the practical workshop training program will be adjusted on a quarterly basis in close collaboration with Foresee Foundation.
	Learning Benchmark Training (B2)	This highly CSO engaged training session will allow grantees to share their experiences and network with other CSOs.	Usually towards the end of a grant round. However, based on grantees feedback the session can be divided in two, one halfway project implementation and one

			towards the end of project implementation.
4. Project Completion Phase	Learning Benchmark Training (B2)	This highly CSO engaged training/conference will allow grantees to share their experiences and network with other CSOs while also preparing them for the final reporting.	The final LBT for each project round, preferably a few weeks before the closing date.
	Needs- and interest-based skills training (D)	Workshops focusing on data collection, reporting and sustainable funding.	Ongoing with a focus on workshops relevant to the closing off of the project.
5. R4CR Program Closing in 2024	The High-Level Conference	Stakeholder conference on the results and best practices related to the R4CR program	To be held at the end of the four-year R4CR program.

The Pre-Grant phase (Phase 1) and the Project Preparation Phase (Phase 2) are relevant for organizations which consider the submission of an application under R4CR. Potential applicants are encouraged to attend one of the information sessions (A1) to be organized by the PIU where general information about the grant application process is shared. Organizations can also make an appeal to the PIU for technical assistance (TA) with the preparation of their proposal (A2). Once an application is awarded, successful organizations are obliged to participate in a PDT (B1) preceding the start of a project. During project implementation, organizations can be supported in different ways by the PIU to strengthen their internal capacity (Phase 3-5 in the table above).

2.8 Project Implementation

During implementation of the grant project, grantees are required to submit monthly technical and financial reports on the progress of their grant project. The reports provide the PIU with concrete and detailed information about project progress based on the activities executed and results achieved (quantitatively and qualitatively). Exact reporting periods and deadlines for the submission of reports will depend on the duration of the project and will be specified in the grant agreement, but are mainly prior to the next disbursement and project finalization.

Apart from reporting on the progress of the project, the PIU also requires insight in the use of the budget. All grantees are required to submit with their technical report, a financial report on the use of the grant budget. Financial reports will be assessed on compliance with the contractual agreement, on correct use of the format, the inclusion of real costs and the balance of advances received. In addition, the PIU will compare the use of the grant budget with the interim results achieved (as indicated in the monthly technical report) to ensure that the costs claimed follow the principles of fairness, reasonableness and are related to the proposed project activities and goals.

Templates of the technical and financial reports are included in the Project Operational Manual (POM), distributed to CSOs who have been selected for grant approval/project implementation. The PIU has the right to request additional information or reports from grantees and has the right to visit the office/work space of the lead grantee for an internal audit on compliance with the guidelines of the Grant Scheme. Grantees are required to keep all project related documents and records available for review by the PIU. Payment of advances depends on approval of the periodic technical and financial

reports. Except for the first advance payment, no further transfers will be made without formal approval of the technical and financial report of the previous period with the required supporting documents (bills, invoices and receipts).

Regular technical and financial reports provide the PIU with insight into the implementation/progress of the project and use of the related funds. However, no original receipts, bills or invoices need to be sent to the PIU with the periodic reports, unless the PIU specifically requests so. Nevertheless, the grantee implementing the project is obliged to keep all original receipts within their financial system and make these available for a potential review either during project implementation or at project end. As a result, the PIU can only provisionally approve monthly reports, as this approval is based on the information provided by the grantee to the PIU. A final decision regarding the accuracy and eligibility of costs incurred by the grantee can only be taken following receipt of a final audit report. All ineligible costs and/or unspent funds must be refunded to R4CR prior to project closure and the receiving of a close-out letter.

One local external audit is foreseen for each project finalized by a CSO under R4CR, no later than six weeks after project completion. The Terms of Reference (ToR) clearly describes the specific activities expected from an audit firm, which is indicative for the total costs. The ToR for an audit with instructions for the auditor is included in Annex 8. Costs for the local audit must be included in the grant project budget.

Audits will be performed by a registered audit firm in accordance with international audit standards. The auditors shall have a valid audit license and the audit form needs approval from the PIU prior to the start of the audit. For projects above the threshold of US\$ 25,000, the PIU will withhold 5% of the overall budget until all expenditures are approved and accounted for.

During project implementation, it may be necessary to modify or amend the initial grant agreement for a rational justification. Modifications are generally made to revise project descriptions, budgets, or other fundamental changes to the agreement, such as an extension of the contracting period due to unforeseen circumstances. If a modification is needed, the grantee will contact the PIU to discuss the situation. If all parties agree that the grant should be amended, the grantee will prepare an official request in writing and send it to the PIU. The request should include details of the requested change, a justification for the change, and in the case of budgetary or activity changes, a revision showing the old budget, proposed change(s) and new budget by line item.

Modifications or amendments must be requested prior to the project close-out date and prior to incurring expenses related to the change(s). If this is not done, the PIU cannot approve the request and any additional expense(s) will be at the cost of the grantee. The PIU makes no commitment to cover expenses incurred outside the scope of the original grant if no written approval has been granted beforehand.

Suspension of the grant agreement will be based on an extraordinary situation which may arise during project implementation and has the potential to hamper the entire grant project (or a significant part thereof). Suspension may lead to the termination of a grant contract if the issue cannot be resolved within the acceptable time frame set by the PIU and by taking all necessary corrective actions. It is the aim of the PIU that projects are successfully implemented. Unforeseen circumstances however can and may develop during project implementation that can put the achievement of project objective(s) and goal(s) into question. For example, the grantee may become insolvent during implementation of the grant project or other conditions may develop that can hinder a successful implementation of the

project. In such situations, there are terms and conditions that can force the PIU to suspend or terminate the grant contract unless otherwise agreed upon by all parties⁸.

All grant contracts can unilaterally be terminated in the event that donor support for the project is terminated or reduced, or a partner materially fails to comply with the terms and conditions of the grant contract. Since material failure is a relative term on which the PIU and the grantee may disagree, the PIU will work with the grantee to remedy instances of non-compliance before drastic actions such as termination becomes necessary. All instances of non-compliance must be supported with adequate documentation.

When a grantee fails to comply with the terms and conditions of the signed grant agreement, a written notice will be sent by the PIU, explaining the findings of non-compliance, and providing a reasonable amount of time for the grantee to correct any deficiencies. Under certain circumstances, both the PIU and the grantee may agree that a change in the external environment or unforeseen incidents may have made the project unfeasible, irrelevant, or otherwise undesirable to complete. In such instances, the PIU will, based on consultation with the grantee, inform in writing the date for termination of project activities and the grant as a whole.

2.9 Project Monitoring and Evaluation

Monitoring and Evaluation (M&E) is an important task enabling the PIU to ensure proper project implementation and to gain insight in achieved (interim) results and in lessons learned. Those lessons can contribute to an informed decision-making process on the impact of support initiatives at a later stage. The M&E task implies systematic and on-going data collection, information gathering, analysis and feedback. Grantees have an important role to play in M&E, as they are required to collect data and provide them to the PIU, in particular through their periodic reporting. Contributing to the collecting of relevant M&E data is a mandatory task for all grantees participating in the R4CR program, which is a fixed and non-negotiable assignment. The M&E function spans the entire project implementation period from start until the final closure evaluation.

After the grant agreement with the PIU has been signed, the PIU will discuss with the grantee the details of their grant project M&E system and plan. With the grant proposal, all grantees will have submitted a brief outline of the planned monitoring system, including indicators to measure targets, results and outputs. The PIU will support grantees through training and on-the-job coaching with the development of an M&E plan, which will need to identify how results will be measured with what means of verification, what tools for data collection will be used, when collection takes place, and whom will be responsible for the data collection.

Apart from data and information provided by grantees to the PIU through their periodic technical and financial reports, the PIU itself will also collect data on the progress of grant implementation/project progress by conducting surveys, reviewing of periodic reports, conducting field visits, via communication, and data sharing with relevant stakeholders.

⁸ One could think of future hurricanes, pandemics such as COVID-19, or other disasters which cannot be prevented.

2.10 Close-out Procedures

The grant contract between the PIU and the grantee specifies the exact implementation period of the grant project. After this period ends, the grantee is obliged to report on the use of the granted funds and the achievements within the grant project. Final reporting follows three steps, two of which will have to be taken by the grantee:

- A final technical report on project progress and achievements (quantitatively and qualitatively);
- A final financial report and audit statement on the proper use of the grant budget.

No closure of the grant contract can take place without approval of these final reports, which together cover the activities and expenditures during the project implementation period.

The third step, dissemination of results and lessons learned, will be the responsibility of the PIU.

The purpose of the final technical report is to describe and reflect on the entire project implementation period. Throughout project implementation, all grantees must have submitted periodic reports on a regular basis to the PIU, which ensured the PIU gained knowledge on and understanding all activities executed during the reporting period. However, the final technical report concentrates primarily on the results and impact of the activities executed and completed, especially in light of the intended project goals and objectives. It should be both a qualitative and quantitative summary of project achievements with relevant information for direct project stakeholders as well as for organizations that may potentially have an interest in, or could benefit from the experiences and results of the project(s).

After finalization of the grant contract, the grantee will also need to submit a final financial report including a final external audit covering the legitimacy of all project expenditures. The registered and certified auditor will prepare a financial statement for the CSO which has implemented a project under the Grant Scheme. In cases where an auditor suspects irregularities, the PIU may request for a more in-depth investigation, the cost of which will be carried by the respective CSO.

The deadline for submission of the final financial report will be indicated in the grant contract. The grantee is accountable for the fact that all financial documentation (official receipts, invoices, bills and relevant transaction notes) related to the project, will be stored at a safe place for a period in accordance with national legislation.

Apart from drafting the final technical and financial report, the grant project is not regarded as officially completed until:

- The final technical report and all materials/deliverables, as stipulated in the grant project contract, are received by the PIU and formally approved;
- The final financial report and external audit are received by the PIU and formally approved;
- All advance payments to the grantee have been cleared;
- All final payments from the PIU to the grantee, or from the grantee to the PIU, have been received and cleared;
- A close-out letter from the PIU to the grantee has officially been issued to formalize the official closure of the grant contract.

Annex 1 Technical Proposal

[Downloadable Technical Proposal](#)

Annex 2 Financial Proposal



RESOURCES FOR COMMUNITY RESILIENCE (R4CR)

ANNEX 2: Template Financial Proposal (Budget)

Project Title						
Name of Lead Applicant						
Name of Sub-Partner(s) if applicable						

Expenses	(A) Unit Type	(B) No. of Units	(C) Cost per Unit	(D) Total R4CR in US\$ (BxC)	(E) Co-Financing	(F) OVERALL TOTAL (D+E) in US\$
I. Direct Expenses for materials, equipment, activities (MEA)						
1. E.g. renovation/repair activities			0,00	0,00	0,00	0,00
2. E.g. equipment/ materials for the execution of the project			0,00	0,00	0,00	0,00
3. E.g. direct expenses related to project activities			0,00	0,00	0,00	0,00
4. Others... (fill in and/or add)			0,00	0,00	0,00	0,00
5. Others... (fill in and/or add)			0,00	0,00	0,00	0,00
I. Sub-total Direct Expenses for MEA			0,00	0,00	0,00	0,00
II. Staff [1]						
1. Project Coordinator			0,00	0,00	0,00	0,00
2. Financial Expert			0,00	0,00	0,00	0,00
3. External Contractor (if any)			0,00	0,00	0,00	0,00
4. Trainer			0,00	0,00	0,00	0,00
5.. Others... (fill in and/or add)			0,00	0,00	0,00	0,00
6. Others... (fill in and/or add)			0,00	0,00	0,00	0,00
II. Sub-total Staff			0,00	0,00	0,00	0,00

Expenses	(A) Unit Type	(B) No. of Units	(C) Cost per Unit	(D) Total R4CR in US\$	(E) Co-Financing	(F) OVERALL TOTAL (D+E) in
III. Logistics						
1. Travel (2)			0,00	0,00	0,00	0,00
2. Training Logistics (3)			---	---	---	---
2.1 Training Material (Duplication/Projection)			0,00	0,00	0,00	0,00
2.2 Training Venue Costs			0,00	0,00	0,00	0,00
3. Communication/PR			0,00	0,00	0,00	0,00
4. Office Supplies			0,00	0,00	0,00	0,00
5. Occupational Health and Safety package (4)			0,00	0,00	0,00	0,00
6. Volunteer Costs			0,00	0,00	0,00	0,00
7. Insurances			0,00	0,00	0,00	0,00
8. Others... (fill in and/or add)			0,00	0,00	0,00	0,00
9. Others... (fill in and/or add)			0,00	0,00	0,00	0,00
III. Sub-total Logistics			0,00	0,00	0,00	0,00
IV. Total Direct Expenses (I + II + III)			0,00	0,00	0,00	0,00
V. Indirect expenses						
1. External Auditor (4% of IV. - Total Direct Expenses) (5)				0,00	0,00	0,00
2. Provision for contingency (5% of IV. - Total Direct Expenses)				0,00	0,00	0,00
3. Administrative costs (7% IV. - Total Direct Expenses)				0,00	0,00	0,00
VI. Sub-total Indirect Expenses				0,00	0,00	0,00
VI. OVERALL TOTAL PROJECT COSTS (IV. + VI.)				0,00	0,00	0,00
(A) Describe the unit type, e.g. hours, day, product item, ticket etc.						
(B) Give the number of units						
(C) Type the prize per unit in US\$						
(D) The total request from the R4CR program will be automatically calculated in this column based on what you have filled in under B and C.						
(E) Add the amount your organization will receive from other sponsors/funding agencies (if any!) in this column.						
(F) The total project expenses will be automatically calculated						
[1] Expenses for staff are net expenses only. Other costs (incl. taxes) will be covered by the applicant organization.						
[2] If related to training, please specify separately for each training session.						
[3] Please specify for each training session separately.						
[4] Protective equipment (e.g. safety boots, helmets, gloves, protective clothing, goggles, ear protection) and precautionary measures to create a safe working environment.						
[5] An external audit is obligatory at the end of the contracting period. The amount to be included is 4% of the total direct costs						

Annex 3 Eligible and Ineligible Costs under the Grant Scheme

Direct Eligible Costs include:

- Full- and part-time costs for staff who contribute their time for project implementation;
- Costs for work done by an external expert specifically hired for the project on short term basis;
- Travel costs for staff and workshop/training participants who take part in project implementation;
- Workshops/trainings costs including costs for venue, refreshment, stationery etc.;
- Costs incurred for the production and reproduction of materials for the purpose of the project;
- Costs for the purchase of fixed assets such as office furniture, equipment and materials specifically for the purposes of the project;
- Costs for external auditing of the grant application finances. Each grant applicant is obliged to include this item in the budget;
- Direct operational costs, such as transport, vehicle running costs, office rental and running costs, provided these are reasonable, relative to the project proportion, and can be clearly linked to the project in question.


Indirect Eligible Costs include:

- A contingency reserve, not exceeding 5% of the estimated direct eligible costs. The actual spending of the contingency reserve is subject to prior written authorization of the PIU;
- A flat-rate funding applies of 7% of the estimated total eligible direct costs to cover for overhead expenses. The flat rate is intended to cover running costs which are not included anywhere else in the budget. The applicant may be asked to justify the requested percentage before contracting. However, once the flat-rate has been fixed in the standard grant contract, no supporting documents need to be provided.

Ineligible Costs include:

- Salaries for staff working with/at the applicant organization(s), but not involved in project activities;
- Any honorarium for staff attached to the applicant organization(s) but not involved in project activities;
- Any fee paid to consulting services rendered by the grant unless approved in project budget;
- Loans given to any party and related costs such as interest;
- Any kind of penalty or fines incurred by the applicant organization(s);
- Any legal fee in relation to any litigation by the applicant organization(s);
- Any redundancy payment other than what is indicated in the staffing costs;
- Any charge as bad debt expenses (including unpaid back taxes), whether it relates to the project or not;
- A gift or present given to anybody under any circumstance;
- Any reserve to cover future liabilities;
- Costs related to the preparation and submission of the grant application including costs such as information gathering, staff time and travel;
- Purchase of land or buildings (immovable objects);
- Expenditures not supported by proper documentation
- Costs incurred outside of the implementation period
- Cost incurred that are not in compliance with procurement rules
- Costs that are not in compliance with the provisions applicable to the grant agreement
- Any cost not related to the project.

Annex 4 Grant Application Scoring Grid

 RESOURCES FOR COMMUNITY RESILIENCE (R4CR)			
ANNEX 4: Grant Application Scoring Grid			
Name Organization:			
Project Round: 3			
Administrative Requirements			
	Administrative Assessment	Yes	No
1	The applicant (and partners if applicable) is a legal entity and is registered with COCI having proof of updated registration.		
2	The application is submitted before the submission deadline.		
3	The Technical Proposal (Annex 1) is submitted and completed.		
4	The Financial Proposal (Annex 2) is submitted and completed.		
5	R4CR received all additional documents on financial and social reporting within the criteria as explained in the Grant Manual.		
6	The application is submitted in English.		
7	The topic of the project submitted by the applicant is in line with one of the ten theme-based domains as described in the Grant Manual.		
8	The application focuses on 'vulnerable' target groups or themes.		
The application meets the core administrative requirements and is thus selected for the project application assessment.			
Remarks on Administrative Requirements (if any)			

Grant Application Scoring Grid

Score has to be 70 or higher in order to go to the next selection round

Scores: 1 = Needs Improvement 2 = Fair 3 = Sufficient 4 = Good

	A. Organizational Capacity	Score awarded	Weight	Total Score	%
1	Does the (lead) applicant have sufficient technical and financial staff to implement the project given the type and scope of the grant proposal?		2	0	
2	Does the applicant have sufficient knowledge, skills and/or experience in implementing and managing this donor supported project?		2	0	
3	Is there clarity and transparency on who will implement the project? (Are more persons involved? Will there be volunteer input?)		2	0	
4	To what extent are crosscutting issues, such as gender and social inclusion reflected in the organizational structure of the applicant?		1	0	
	Sub-total	0		0	0%

	B. Technical - Quality of the Application	Score awarded	Weight	Total Score	%
1	To what extent is the project goal clearly formulated, addressing the core problem and expressing the impact of the project on the target group?		2	0	
2	Does the project clearly describe what the direct link is with hurricane Irma and how the target group suffered from it?		2	0	
3	Does the proposal clearly reflect the environmental and social risks and impacts of the project and mitigation measures an applicant has taken?		2	0	
4	To what extent has the community been involved in the preparation and development of the project?		1	0	
5	Is the timeframe for implementation of the project realistic?		2	0	
6	Is the project likely to have a tangible and lasting impact on the direct target group and/or broader communities?		2	0	
	Sub-total	0		0	0%

	C. Financial - Budget	Score awarded	Weight	Total Score	%
1	Are the activities appropriately reflected in the budget?		2	0	
2	Is the budget coherent and realistic for achieving the anticipated results?		3	0	
3	Are the costs expressed in the budget fair, reasonable and related to the proposed project activities?		1	0	
4	To what extent are efforts made to include additional financial support through co-financing, in-kind donations or own contributions?		1	0	
	Sub-total	0		0	0%
	OVERALL TOTAL SCORE: A + B + C =	0		0	0%

Remarks on Grant Application scoring grid answers (if any)

.....

Annex 5 Lead Grantee Bank Detail Verification Format

The Bank Detail Verification Format needs must be submitted to the PIU once the grantee has been pre-selected for contracting. It serves to provide the PIU with the latest information on the bank account of the pre-selected lead grantee. The format below needs to be filled out and, together with a recent bank statement of the organization, submitted to the PIU before contract signature.

Lead Grantee Bank Detail Verification Format		
Information on Account Holder		
Name of Account Holder		
Full Address		
Telephone Number		
E-mail address		
Account Number		
SWIFT/BIC Number		
Names of Account Holder Bank Signatorie(s)		
Name	Position	Signature
Bank Information		
Name of Bank		
Full Address		
Telephone Number		
E-mail address		

Annex 6 Applicant Legal Verification Form

The Legal Verification Form must be submitted to the PIU once the applicant is pre-selected for contracting. It serves to provide the PIU with the latest information on the pre-selected lead applicant. In case changes in the status and/or registration of the lead applicant have occurred in the period between the submission of the application and the pre-selecting for contracting, this can be noted in this form.

Legal Verification Form	
Legal name of the Organization	
Full Official Address	
Telephone Number	
E-mail address	
Website (if any)	
Facebook (if any)	
Name, E-mail address, telephone nr. of project coordinator:	
Name, E-mail address, telephone nr. and position of each board member:	
Legal Status	
Type of Organization (Foundation, Association or other)	
Registered with the Chamber of Commerce (CoC):	Yes / No
Date of Registration and Last Update	
Registration/CoC Number	
CRIB Number	
Date	
Name / Signature	

Any changes in addresses, phone numbers and E-mail addresses must immediately be made known to the PIU. The PIU cannot be held responsible for the fact that it cannot contact an applicant.

Annex 7 Financial management self-assessment questionnaire

Project: _____

Self-Assessment completed by (CSO): _____ Date: _____

VNGI Review/Assessment completed by: _____ Date: _____

Topic	Yes/No/Remarks/Comments
<i>1.Implementing Entity /Agency</i>	
1.1 What is the full name of implementing CSO be responsible for the fiduciary arrangements (Financial Management & Procurement)?	
1.2 Has the CSO ever implemented any donor-financed project in the past few years? If yes, please state which project?	
1.3 Is there any statutory financial reporting requirements for the CSO?	
1.4 What is the organizational structure of the CSO? *Provide the entity's organization chart.	
<i>2. Budgeting System</i>	
2.1 Who in the CSO is responsible for preparation/monitoring of budgets and who will approve them?	
2.2 Do the budgets provide for physical and financial targets?	
2.3 Are budgets prepared for all significant activities of CSO in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	
2.4 How frequently are actual expenditures compared to budget?	
2.5 Who or which department are required to provide detail explanation for significant variations from the budget?	

Topic	Yes/No/Remarks/Comments
2.6 Who decides on the approach to address budget variations?	
2.7 Will the project budget be included in the accounting system?	
3. Accounting	
(3a) Policies and Procedures	
3a.1 Will an accounting system be used for this project (QuickBooks, ACCPAC, SAP, etc)? If so, which? If not, how project transactions will be booked and accounted for by the CSO?	
3a.2 What controls are currently in place at the CSO concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	
3a.3 If there is an accounting system in place, can the chart of accounts be set-up to account and report on project activities?	
3a.4 Are all accounting and supporting documents retained in a defined system that allows authorized users easy access. How long are these documents retained?	
3a.5 What basis of accounting (e.g., cash, accrual) is currently used by the CSO?	
3a.6 Has the CSO a Financial Management Manual (written policies and procedures covering all routine financial management and related administrative activities, adequate policies and procedures manual to guide activities and ensure staff accountability)? If yes, please provide	
(3b). Staffing	
3b.1 How many accounting staff will work on the project and what will be their responsibilities? Identify the accounting and planning staff, including job title, educational background and professional experience.	
3b.2 Does the CSO have written job descriptions that clearly define duties, responsibilities, lines of supervision?	

Topic	Yes/No/Remarks/Comments
3b.3 Do you believe the current staffing arrangement/capacity is adequate for accounting for and monitoring the project? If no, why?	
(3c) Payments	
3c.1 What controls exist for the preparation payments? Are all invoices stamped <i>PAID</i> , dated, reviewed and approved, and clearly marked for account code assignment?	
(3d) Cash and Bank	
3d.1 How many bank accounts has the CSO opened and what nature are these bank accounts?	
3d.2 Who is responsible for maintaining an adequate, up-to-date cash book, recording receipts and payments?	
3d.3 Are bank and cash reconciled on a monthly basis? Who is responsible for preparation of the reconciliation?	
3d.4 Who is responsible for reviewing and approving bank reconciliation?	
4. Internal Control	
4a.1 Are the following responsibilities performed by different units or persons: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) Custody of assets involved in the transaction	
4a.2 Who will make and approve payments for the project?	
(4b). Internal Audit	
4b.1 Is there an internal audit department in the CSO?	
5. Funds Flow	
5.1 Who will manage the Bank account in which advances from VNGI will be made?	
5.2 Does the CSO have experience in the management of disbursements from any donor?	
6. Financial Reporting	

Topic	Yes/No/Remarks/Comments
6.1 Are financial statements prepared for the CSO? If yes, how often?	
6.2 Are financial management reports used by CSO Management (e.g. for decision making)?	
7. External Audit	
7.1 Is the CSO audited regularly by an independent auditor? If yes, who is the auditor and provide copy of the latest audited financial statements available?	
7.2 When are the audit reports issued?	
7.3 Is the audit of the entity conducted according to the International Standards on Auditing?	

Annex 8 ToR for project audit

1. Introduction

The following are for grantees to engage an external auditor to perform financial verifications and to report in connection with the Grant Agreement (GA).

This audit protocol must be followed in auditing the final financial reports concerning the grant awarded.

This audit protocol sets out the applicable audit principles and requirements, and explains how the audit opinion must be reported.

Where in this audit protocol the PIU is mentioned, this refers to the Project Implementation Unit, which represents VNGI which has signed the GA with the grantee and is providing the grant funding on Sint Maarten. The PIU is not a party to the agreement between the grantee and the auditor. The auditor will be engaged by the grantee.

'The grantee' refers to the organization receiving the grant funding and that has signed the GA with VNGI⁹. The grantee is responsible for providing periodic financial reports on exact dates which are stipulated in the GA for the activities financed under the Sint Maarten Trust Fund which complies with the terms and conditions of the GA and for ensuring that the financial reports can be reconciled to the (lead) grantee's accounting and bookkeeping system and to the underlying accounts and records¹⁰. The (lead) grantee is responsible for providing sufficient and adequate information in its financial reports.

The (lead) grantee accepts that the ability of the auditor to perform the procedures required by this engagement effectively depends upon the grantee, and as the case may be its partners, providing full and free access to the grantee's staff and its accounting and bookkeeping system and underlying accounts and records.

The auditor is responsible for performing the audit in accordance with this audit protocol, and for submitting an audit report. Auditor refers to the firm/organization contracted for this engagement by the grantee, and who has the appropriate authority from a professional, legal or regulatory body to execute the assignment properly.

The (lead) grantee is required to submit to the PIU an audit report, produced by an external auditor after final completion of the R4CR project activities. The exact deadline and reporting period are stipulated in the GA between the (lead) grantee and the VNGI.

The PIU and the grantee will discuss the selected audit firm/auditor and the PIU will approve the proposed firm prior to the hiring of the auditor.

2. Objective of the Audit

The objective of the audit is to enable the auditor to express a professional opinion on the financial position of the grantees project at the end of the project implementation period and on funds received and expenditures incurred for the relevant accounting period. The project book of accounts provides the basis for the grantee financial reports submitted to the PIU and reflects the financial transactions in respect of the project.

⁹ In case of a consortium where more than one grantee is involved in project implementation, there has been one lead grantee and one or more partner organizations involved in project implementation. However, the overall financial management is with the lead grantee.

¹⁰ The exact dates are stipulated in the Grant Agreement.

3. Scope of the audit

The audit should be carried out in accordance with generally accepted International Auditing Standards (ISA) 800, "Special Considerations – Audits of financial overview prepared in accordance with special purpose frameworks".

In auditing the final financial report, the auditor will assess regularity and whether the applicable requirements have been complied. The auditor must establish the completeness and accuracy of all receipts and expenditures, and that they are in line with the activity referred to the grantee's submitted project and budget.

Determination of materiality should be performed in accordance with ISA 320 "Materiality in Planning and Performing and Audit". The auditor shall determine performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. The audit opinion will be drawn up in accordance with the model in paragraph 4 of this protocol.

The auditor is responsible for forming and expressing opinions on the financial reporting. The auditor will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. Special attention should be paid by the auditor as to whether:

- Project financing has been used in accordance with the conditions of the relevant GA and POM and only for the purposes for which the financing was provided. Reference is made to the GA between VNGI and the (lead) grantee (and partners, if relevant).
- All necessary original supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported in financial reports submitted to the PIU. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account. The auditor must verify that the information provided in the financial reports is mathematically correct and accurate. The auditor shall also verify that the budget in the financial reports corresponds with the budget of the GA and that the expenses incurred were indicated in the budget of the GA. If there were any amendments to the budget for the GA in previous reporting period(s), the auditor shall verify that such changes have been taken into account in the financial reports.
- Services, goods and works financed have been procured in accordance with the Procurement Guidelines as specified in the POM, when applicable.
- Separate accounts (if used) have been maintained in accordance with the provisions of the GA and all its annexes and funds disbursed out of the accounts were used only for the purpose intended in the GA.
- Co-financing amounts need to be verified, if applicable.
- The auditor must ensure, for each expense, the compliance to the eligibility criteria set out in the Project Operations Manual (POM), section 3.1.1.

The auditor is required to verify all financial reports for the relevant reporting period, submitted to the PIU, which are used as a basis for disbursing advance payments to the grantee and to report on the use of previous advances. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances. The total disbursement shall be part of the overall reconciliation.

The auditor shall verify that the financial reports submitted to the PIU in the relevant period comply with the conditions of the GA, that they were prepared in conformity with the templates provided in

the Project Operations Manual (POM), that they have been prepared in accordance with the agreed accounting standards and give a true and fair view of the financial position of the project at the relevant date and of resources and expenditures for the financial period ended on that date.

The auditor is also required to review the activities of the bank account associated with the project. Transactions on the bank account should agree to the advance payments received from the PIU.

The auditor should request a letter of representation from the grantee's management/board stating that, to the best of their knowledge, the financial statement encompasses all transactions and receipts, is accurate and complete in every respect and that all grant conditions, including those beyond the scope of the audit, have been met.

In the letter of representation, the management should specifically confirm that they have complied with article 13.2d of the General Conditions to the GA, which states that: *where the PIU has evidence on the CSO or any related entity or person, of fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the World Bank and the PIU financial interests (this also applies to sub-partners of the CSO), the GA will be terminated.*

In complying with International Standards on Auditing (ISA), the auditor is expected to pay particular attention to the following matters:

Fraud and Corruption

Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks and respond appropriately to identified or suspected fraud;

Laws and Regulations

In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the implementing agency with laws and regulations may materially affect the financial statements as required by ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements;

Governance

Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance.

Risks

In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing 330: the Auditor's Procedures in Response to Assessed Risks.

The auditor shall have access to all legal documents, correspondence and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed by the PIU to the lead grantee. Available information shall include copies of the signed GA between the VNGL and the (lead) grantee and partners with all its annexes,

POM, and Grants Manual, all periodic reports as submitted to the PIU and all other official correspondence with the PIU.

4. Audit report

The audit report shall include the audited financial reports of the Grant, as well as the audit opinion. The audit report of the project accounts shall also include a separate paragraph summarizing key internal control weaknesses and non-compliance with the financing agreement terms or POM provisions. If there are no such findings then the auditor shall clearly specify this in the report.

The audit opinion should in any event include the aim and scope of the audit, the audit criteria and summary of auditing procedures applied, , and any restrictions imposed on the scope of the audit.

An unqualified audit opinion must be worded as follows:

"We have audited the financial report of(*CSO name*) on Sint Maarten for the R4CR project during the period from ... to ... with an approved budget of USD ... (approved grant amount). The financial report is the responsibility of the CSO's management/board. Our responsibility is to express an opinion on the financial report based on our audit.

We conducted our audit in accordance with International Standards on Auditing 800, "Special Considerations – Audits of financial report prepared in accordance with special purpose frameworks" and with due regard for the audit protocol. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial report. An audit also includes an assessment of the accounting principles used and significant estimates made by management/board, as well as an evaluation of the overall financial report presentation and of the risks of material differences as a result of fraud. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial report for the R4CR project for an amount of USD ... (*total amount spent*) gives a true and fair view of all receipts and expenditure. The grant conditions described in the GA have also been met. The reported expenditures: i) are eligible for financing in accordance with provisions of the relevant GAs and the POM and ii) have been used only for Project purposes.

The auditor shall include a management letter with follow-up recommendations made in prior audits (if applicable), indicating the current status of the recommendations as corrected, partially corrected, or not corrected. The deficiencies that still have not been corrected should be reported in the current year audit report, along with the corresponding management comments.

In the case of an adverse or disclaimer of audit opinion, the auditor should indicate:

- a clear description of all substantive reasons;
- quantification of the possible effects -unless impracticable- in the financial report;
- the grant conditions and eligibility criteria that have not been met;
- any limitation to the audit scope and/or
- any unlawful acts identified.

The auditor shall submit the audit report to the grantee representative (usually the director or president of the board of the organization) rather than to any staff member of the project entity. The auditor

shall then forward one copy of the full Audit Report and accompanying statements to the PIU no later than 6 weeks after the end of the accounting period to which the audit relates.

