



Overseas Aid &
Development Commission

Guidance Notes for Charities applying for Grant Aid

***“Helping the world’s
poorest communities
through a hand up rather
than a handout”***

The Guidance Notes should be read in conjunction with the Overseas Aid & Development Commission's Grant Aid Policy

1. Introduction

The Overseas Aid & Development Commission (the Commission) is a committee of the States of Guernsey to distribute grants and emergency and disaster relief overseas.

The Commission's mandate is:

"To distribute funds voted by the States for aid and development overseas by making contributions to ongoing programmes and to emergency and disaster relief.

To develop programmes relating to the collection and distribution of funds involving the private sector.

To carry out the duties and powers above in accordance with policies set out by the Policy & Resources Committee.

To fulfil the responsibilities set out in Annex One to the mandates of committees of the States."

The objectives of the Commission are to manage and administer the budget approved by the States of Guernsey for overseas aid. The Commission's Chairman is a member of the States of Deliberation and the six Commissioners are appointed by the States of Deliberation.

2. Background

Guernsey has been contributing to overseas development projects through the award of Grant Aid to approved charities and agencies since 1980. The underlying approach adopted by the Commission, on behalf of the States of Guernsey, is,

"To support projects which will help to provide the basic needs of the world's least developed countries or to help the indigenous population to provide those needs."

Basic needs includes medical and health facilities, educational programmes and facilities, housing, water and sanitation provision and the means of sustaining a living, e.g. through agriculture, horticulture or through training in sustainable employment skills. The Commission supports projects which will generate a lasting and sustainable improvement in the living conditions for the communities receiving the aid. This ethos underpins the Commission's overriding object to offer a "hand up" to some of the world's least developed areas rather than a "hand out".

3. Eligible Charities

Please read this section carefully as there are a number of important changes which charities will need to be aware of before applying for grant aid funding in the 2020 funding round.

(a) Who may make an application for Grant Aid?

The Commission's general policy is to only consider applications from:

- Charities registered with one of the Charity Commissions in England and Wales, Scotland, Northern Ireland or is a Channel Island registered charity; or
- Approved humanitarian agencies (e.g. UNICEF, UNHCR, etc.).

Further, the Commission only considers applications for funding from **charitable incorporated organisations** and **charitable companies**. If your charity is currently an unincorporated association or a trust helpful guidance about changing the structure and selecting the right structure for the charitable work you carry out can be found on the Charity Commission's website (<https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure#charities-without-a-corporate-structure-which-type-to-choose>).

Whilst the Commission's position in regards charitable structure does not, at this time, apply to those charities which have received grant aid funding since 2017, it is the Commission's intention to require **all** charities wishing to apply for funding in the 2022 grant aid funding round to be either a **charitable incorporated organisation** or **charitable company**.

Further, the Commission is cognisant that in supporting a charity or NGO's project or programme, it is effectively entering into a formal relationship with that charity or NGO which goes much wider than a simple financial relationship. It is important that neither party undermines the reputation or public trust in the other. Where a charity or NGO has publicly espoused negative views about Guernsey, it may be in neither the charity's or NGO's nor in Guernsey's interest to enter into a formal (including financial) relationship.

(b) Charity pre-registration requirements

Further, with immediate effect, the Commission has decided that the following charities must pre-register with the Commission before being able to submit an application for grant aid funding as part of the Commission's 2020 Grant Aid funding round:

- Any charity that has not previously applied for funding from the Commission;
- Any charity that has previously applied for funding but has not been successful; or

- Any charity that has not received an award from the Commission since the 2017 Grant Aid funding round.

Pre-registration can be requested by completing the online questionnaire which is available on the Commission's website (www.gov.gg/overseasaid).

(c) What checks does the Commission make when verifying an applicant?

The Commission requires all charities applying for an award to demonstrate that they have appropriate governance structures. This is to ensure that the money it receives is used for the expressed charitable purposes and projects are delivered without malicious actors using the charity as a vehicle for any form of financial crime, including money-laundering and terrorist financing, and other criminality, especially in respect of the sexual exploitation and abuse of children and vulnerable adults.

All charities must provide details of the Charity Commission with which it is registered. The status of all charities will be verified with the relevant Charity Commission to ensure full compliance with the regulation requirements and against the following criteria:

Purposes and direction – is there a document setting out the charity's defined purpose, areas of work and values that is publically available and easily accessible.

Fit for purpose – has the charity published appropriate policies and procedures to ensure it delivers its objectives efficiently.

Learning and improving – appropriate measures to review performance, including assessing value for money against its stated objectives.

Financially sound and prudent – has the charity adequate financial and other resources to deliver its purposes efficiently and effectively.

Accountable and transparent – are the charity's accounts and reports on its work readily accessible, to enable all interested parties to review its work and value for money.

The Commission's requirements, in regards the good governance of a charity, provide a fundamental building block in any funding relationship it may enter into with the charity. The governance measures, financial control and safeguarding policy requirements set out below outline the practices and procedures the Commission expects each charity applying to it for funding to have in place.

The requirements set out below should be regarded as the minimum standards a charity must have in place to be eligible for a financial award from the Commission.

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In late 2018, the Guernsey Policy & Resources Committee issued guidance for locally-registered charities entitled '*Non-Profit Organisations: Guidance Paper on Governance Measures*' setting out the requirements for charities to demonstrate appropriate governance measures. The Commission's due diligence checks on a charity or NGO before approving any award reflects the standards in this guidance, including appropriate governance measures in the following areas:

- the charity's constitution;
- risk mitigation;
- anti-money laundering and counter terrorism financing measures;
- identification of donors, especially where these are from overseas or for a significant amount (i.e. £1,000 or more);
- identification of beneficiaries;
- identification of other partners, including other charities or NPOs;
- financial controls;
- financial probity and transparency.

(d) What happens if the charity fails to satisfy these initial checks?

The Commission has a number of "red lines" which mean that an application for funding will be rejected without further consideration. In respect of the charity, these are:

- (a) The applicant charity is not a registered charity in Guernsey, Jersey or the UK;
- (b) The applicant charity has previously been advised by the Commission that it is not eligible to apply for funding because of non-compliance with a previous award or because of other compliance issues;
- (c) The charity has failed to comply with the regulatory requirements of the Charity Commission it is registered with and/or Companies House;
- (d) The charity is an unincorporated body;
- (e) The charity is unable to provide at least three years of audited;
- (f) The charity's accounts are not independently examined;
- (g) The charity has three or fewer trustees;
- (h) A majority of trustees are related through familial ties;
- (i) One person (officer or trustee) has significant control over the charity's operations;

In respect of the project, these are:

- (a) The project is located in a country not on the Commission's published list;
- (b) The request is for more than the £50,000 grant threshold;
- (c) No detailed budget is attached to the application;
- (d) The budget is not provided in £ sterling;
- (e) The project is not addressing a basic need; or
- (f) The programme time for delivering to project is longer than 12 months.

In respect of the in-country partner, these are:

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- (a) The in-country partner is not a registered NGO in the project country;
- (b) The applicant charity and the in-country NGO have not previously collaborated on a development aid programme;
- (c) The bank account into which the grant will be transferred is not held in the name of the registered in-country NGO;
- (d) Payments from the NGO's bank account can be made by a single authorised signatory;
- (e) Payments from the NGO's bank account can be made by authorised signatories who have a familial relationship;
- (f) A majority of the trustees/directors of the in-country partner have a familial relationship;
- (g) The in-country NGO has fewer than three trustees/directors.

The Commission will advise the charity of its decision as soon as possible after receiving the application. However, there may be some delay in giving such notification depending on how many applications for funding the Commission receives and also the demands on the Commission in undertaking these initial assessments.

(e) Are there any charities or agencies from which the Commission will not accept applications?

In addition to charities or agencies not registered with one of the one of the Charity Commissions in England and Wales, Scotland, Northern Ireland or not a Channel Islands' registered charity, the Commission may reject an application where:

- The charity has failed to comply with the Commission's reporting and monitoring requirements in respect of previously approved Grant Aid awards (in such cases the Commission will have advised the charity of its decision following the breach);
- There is clear evidence to show that the charity has not complied with the requirements of its regulatory body;
- The nature of the project falls outside the charity's stated objectives;
- The application is for funding above the Commission's maximum threshold; or
- The application falls outside the Commission's general policy (e.g. the charity has not pre-registered, the charity is an unincorporated body, the project is based in a country wholly or partly in Europe, the amount requested exceeds the £50,000 threshold, the project cannot be completed within one year, etc.).

In all cases, the Commission will notify the charity of its decision and reasons for the decision.

(f) Does the Commission distinguish between large and small charities?

The Commission does not make any particular distinction in respect of the size of the charity. The Commission will need to be satisfied the charity has the resources, expertise and experience to ensure that the project is delivered in:

- A timely manner;

- Accordance with the project plan and budget; and
- Compliance with the Commission's policies and practices, particularly monitoring and reporting requirements.

(g) What compliance checks does the Commission undertake?

Full details of the Commission's due diligence procedures are set out in the Commission's Grant Aid policy. The Commission's compliance checks are undertaken in two parts and the checks cover four areas of governance, namely:

- *Fraud and financial abuse* – including measures to mitigate fraud, theft, misappropriation of charitable funds and other financial abuse of charities (including abuse arising out of conflicts of interest), including policies in respect of anti-money laundering and terrorist financing matters and conflicts of interest not identified and managed correctly;
- *Safeguarding* – including policies and procedures to mitigate serious harm to, and the abuse of, children or adults in connection with a charity and/or the failure by a charity that works with or has regular contact with children or adults at risk, including whistle-blowing policies to protect staff and volunteers and the robust monitoring and application of the policies and procedures;
- *Terrorism and extremism* – including policies and procedures to prevent the misuse of a charity for terrorist purposes or to promote extremism (including charity links with or support for terrorism, financial or otherwise, and/or connections to a proscribed or designated organisation, person or entity); and
- *Public confidence and reputation damage* – including any activities undertaken by the charity which may be regarded as undermining public confidence in the charities purpose and activities, both in Guernsey and elsewhere and any matters which may cause reputational damage to the charity itself, the wider international development aid community and Guernsey. This may include other significant breaches of trust, non-compliance or decisions made by charity trustees that significantly affect public trust and confidence in the charity.

(h) How and when are these compliance checks made?

In addition to the requirement for some charities to pre-register, when applications are received, basic checks are undertaken to verify that the charity is registered with one of the Charity Commissions in England and Wales, Scotland, Northern Ireland or is a Channel Islands registered charity. A check is also made to ensure that the charity is not subject of any on-going or pending investigations and that there are no other non-compliance issues linked to the charity.

Second, before any grant award is confirmed, the Commission requires the charity to complete a detailed financial and safeguarding compliance questionnaire. The purpose of these questionnaires

is to assist the Commission in assessing whether the charity has in place appropriate policies and procedures to ensure that funds are not used for unlawful purposes or for activities which may result in reputational damage for the charity, the wider international development sector, or Guernsey itself.

(i) What financial checks does the Commission make?

The Commission's procedures reflect the best practice guidance issued by FAFT, *Combating the Abuse of Non-Profit Organisations (Recommendation 8)*¹. The Commission requires charities applying for financial support to have in place appropriate financial controls, including:

- Segregation of duties where possible;
- Regular bank reconciliations checks;
- Multiple signatories for all bank account activity;
- Restricting full access to all areas of the accounting system;
- Regular review of and spot checks on payroll records to ensure consistency with staff movements;
- Reconciliation of supplier statements, invoices and creditor balances;
- Documented authority thresholds for the approval of and payments to suppliers;
- Random checks to ensure expenditure below key thresholds is legitimate;
- Procedures to address any employee/trustee connections with suppliers; and
- Proper controls including a full documentary audit trail, for monitoring expenses.

The Commission will also require the charity to provide verification of its own bank account and that for any in-country partners or agents to who money linked to the delivery of the project may be transferred. The Commission will not support any project where transfers are being made to personal bank accounts.

(j) What safeguarding checks does the Commission make?

The Commission has based its safeguarding checks on the best practice set out in the Charity Commission for England and Wales's document - 'Strategy for dealing with safeguarding issues in charities'. The safeguarding compliance questionnaire requires the charity to demonstrate that it has in place appropriate policies and procedures to protect all those working within the charity and those benefiting from services and activities undertaken by the charity both in Great Britain and overseas, from abuse, including bullying and discrimination.

The Commission must be satisfied that there is appropriate and regular training of all staff and volunteers and that policies and procedures are followed consistently and robustly, including appropriate mechanisms for reporting, investigating and addressing any reported breaches.

¹ <http://www.fatf-gafi.org/media/fatf/documents/reports/BPP-combating-abuse-non-profit-organisations.pdf>

(k) What happens if a charity fails the compliance checks?

If a charity fails these compliance checks, the Commission will notify the charity and explain why the compliance checks have not been satisfied. In these circumstances, the charity's application for funding will not be considered any further, i.e. though shortlisted for a possible award, the application for funding will be rejected.

Depending on the reason for the failure to satisfy the compliance checks, the charity may be able to correct the matter/s which resulted in the failure and so be eligible to re-apply for funding in the next funding round. However, if the failure is linked to a breach of the regulatory requirements with either the regulating Charity Commission or Companies House, the charity will not be eligible to re-apply for funding until such regulatory breaches have been fully rectified.

3. The Application

(a) How should applications for Grant Aid be made?

All applications must be made using the Commission's online Grant Aid e-application form (www.gov.gg/overseasaid).

(b) When should Grant Aid applications be made?

For applications for Grant Aid funding in 2020, the application period will open on **Monday 3rd June 2019** and close at **12 noon on Friday 19th July 2019**.

(c) Will the Commission accept late applications?

The Commission receives significantly more applications for Grant Aid than it has funds to support. Therefore, as a general policy, the Commission does not accept late applications.

(d) What information must be included in the summary of the project?

This is the charity's opportunity to "sell" its project. It is essential that the summary is clear and concise and sets out how, where and on what the Grant Aid would be spent. The following questions may assist the charity in structuring its application:

- (a) What will the funding from the Commission be spent on;
- (b) If the project is part of a larger one, please clearly explain how the funding from Guernsey will contribute to the wider project;
- (c) Who will benefit from the project;
- (d) How will the project benefit the community in which it is located; and
- (e) When will the project commence.

Above all, your application should be clear, concise and objective and anticipated outcomes be realistic and both measureable and deliverable. The Commission has noted that many charities fail to provide a clear and informative outline of their project proposal.

The following examples are taken from actual applications – the first is what the Commissioners considered a good synopsis and the second fails to tell the Commissioners anything about the proposed application:

Example 1

Our objective is to reduce poverty and food shortages for 12,000 farmers in [name districts], the most climate vulnerable area of [country]. We will train 100 agricultural micro-entrepreneurs to set up profitable businesses and provide agricultural support services to approximately 12,000 smallholder farmers, the majority of which will be women. Services will focus on fish farming and flood resilient hanging vegetable gardens. We will support farmers to improve their basic needs by raising incomes by at least 20% through increasing productivity and sales, and improving nutrition by increasing consumption of vegetables and fish. Our project is based on a proven market-led approach, benefits of which will be felt long after the project funding comes to an end.

Example 2

Straightforward, cost-effective interventions in remote villages can prevent common causes of needless disability. Disability and poverty are linked so this project would tackle a major cause of individual adversity and help three rural communities to prosper. Lack of basic medical care, malnutrition and limited knowledge about health keep people at risk of losing their sight or hearing; dying from common illnesses because of poor immunity; developing long-term injuries while giving birth; or babies being developmentally impaired in the womb. More than 5,000 people would benefit directly from urgently needed healthcare, training and knowledge to look after themselves long-term.

(j) Is there any other information that must be included in the application?

In addition to completing all the sections on the application form and attaching a clear budget showing how and on what the funding will be spent, it is also helpful to the Commissioners if your application provides an indication of the size of any building, depth of wells, etc.

Where a project is part of a partnership arrangement with a third party, the application must confirm that all the necessary agreements and contracts are in place or will be in place ahead of the start of the project.

(k) What financial information should be included with the application?

The Commission is mindful that development aid work is at risk to financial crime and the regions in which projects funded by the Commission are located are vulnerable to

money laundering and terrorist financing (i.e. diversion of funds, point of delivery abuse, affiliation or deception). Therefore, although not necessarily directly affected the Commission is indirectly vulnerable to these issues where they apply to or affect the charities to which it makes donations. It is for this reason that the Commission now requires detailed information about both the applicant charity and the in-country partner which will be responsible for the day-to-day delivery of the project in country.

It is therefore essential that you provide all the information requested on the application form regarding your charity and your in-country partner. An in-country partner includes an arm of the UK-based applicant charity.

Further, when providing information about how the budget for the project will be managed and audited, it is important to provide clear examples of the measures your charity has put in place to mitigate the risk of financial crime. This should include how procurement of goods and services is monitored, how payments are authorised and by who and how expenditure is audited throughout the duration of the project.

(l) Does the Commission consider the objectives of the UN Sustainable Development Goals?

Yes, the Commission expects all charities applying for funding to demonstrate how their proposal seeks to address one or more of the UN SDGs.

The Commission regards the following statements from the UN SDGs as being the most important cross-cutting principles,

- Leave no one behind; and
- Start with the farthest “first”.

(m) Is there anything else that should be considered when making an application?

The Commissioners read and assess all the applications for Grant Aid received each year. It is therefore essential to ensure that your application clearly, concisely and accurately explains what your project aims to achieve and how it will be delivered.

It is important to remember that the Commissioner’s know nothing about the particular project and may not have specialist knowledge in the particular area of humanitarian work which your project focuses on. Be realistic when explaining the objectives and anticipated benefits the project will deliver. Similarly, when indicating the number of beneficiaries, please be realistic and, if the project is part of a larger programme of work, the number of direct and indirect beneficiaries should be expressed as a pro-rata percentage of the overall project.

(n) When will charities be told the outcome of their application?

The Commission will consider all applications for funding in 2020 at a series of funding meetings to be held between October 2019 and the end of January 2020. Applications will be considered in strict date order based on the date on which applications are received.

Please note that the Commission only funds new projects. Therefore if work has commenced on a project and money spent before confirmation of the award of a grant, the Commission reserves the right to reduce the amount of the award accordingly.

4. In-country Partners or Agents

Please read this new section carefully as there are a number of important requirements charities will need to be aware of before applying for grant aid funding in the 2020 funding round.

(a) Who is classed as an in-country partner or agent?

An in-country partner or agent includes the team or organisation/s in the country where the proposed project is located that will have day-to-day responsibility for overseeing the delivery of the project, including receiving funds from the charity and making payments to supplies, staff, etc.

This broad definition includes where the applicant charity has established a separate “branch” in the project country. For example, a funding application from ABC UK must list its in-country partner even where it is ABC Kenya.

(b) What information about an in-country partner or agent is required?

The application form includes a number of questions, including the requirement to provide the following information:

- The name/s of the in-country partner/s or agent/s;
- Details of their status, including postal address and registration number as an NGO in the project country;
- The full names, dates of birth, home addresses, and dates of appointment for the trustees;
- The full names and dates of birth of the principal contacts, i.e. those the applicant charity will be working most closely with regarding the delivery of the project;

- The in-country partner/s or agent/s bank account details; and
- The government department responsible for the registration and regulation of the in-country partner/s or agent/s.

(c) Why does the Commission require the bank details of the in-country partner NGO?

The Commission is unable to make any awards where the grant will be transferred from the charity's account to an account held in the name of an individual, regardless of whether or not that person is a trustee, director or member of staff of the in-country partner. The in-country bank account must be in the name of the in-country partner NGO and must require at least two signatures from two unrelated trustees, directors or officials of the in-country partner.

The reason for this is to verify that the in-country NGO is not a sham NGO. Further, the Commission is mindful that such NGOs are vulnerable to money laundering and terrorist financing. Such vulnerabilities are especially prevalent where the NGO is operating within or adjacent to a conflict zone, or where the NGO is situated or working in a region where a section of the population is at risk of being targeted for support and cover by terrorist organisation, i.e. where terrorist activity or terrorist financing threat are day-to-day realities.

5. The Location of the Project

Please read this section carefully as there are a number of important changes which charities will need to be aware of before applying for grant aid funding in the 2020 funding round.

(a) How does the Commission decide the countries in which it will support projects?

The Commission has drawn up the list based on its existing general policy to direct the majority of funding to countries in the lowest quartile of the UN Human Development Index. It has also reviewed the DIFD guidance for Small Charities Challenge Fund awards (<https://www.ukaidirect.org/apply/sccf>) and the Corruption Perceptions Index prepared by Transparency International (<https://www.transparency.org>) in developing its list of countries.

The list has been based on countries in the lowest quartile of the UN Human Development List or where the Commission believes that the country is particularly fragile in human development terms.

Further, the Commission has, following advice from the Policy & Resources Committee not included a number of countries which are in the lowest quartile of the UN HDI because of the country's position on the Corruption Perceptions Index and where it considers that due to the risk of overseas aid not reaching the beneficiaries due to high levels of financial crime, including bribery and corruption, the positive and sustainable impact of such development aid cannot be guaranteed.

(b) Which countries are on the Commission's list?

The following countries are on the Commission's list:

- | | | |
|--------------------------------------|------------------------------------|--|
| • Angola | • Guinea-Bissau | • Rwanda |
| • Bangladesh | • Haiti | • Sao Tome and Principe |
| • Benin | • Iraq | • Senegal |
| • Burkina Faso | • Kenya | • Sierra Leone |
| • Burundi | • Lao People's Democratic Republic | • Solomon Islands |
| • Cambodia | • Lebanon | • South Sudan |
| • Cameroon | • Lesotho | • Sudan |
| • Central African Republic | • Liberia | • Swaziland |
| • Chad | • Madagascar | • Tanzania |
| • Comoros | • Malawi | • The Occupied Palestinian Territories |
| • Congo (Democratic Republic of the) | • Mali | • Togo |
| • Côte d'Ivoire | • Mauritania | • Uganda |
| • Djibouti | • Mozambique | • Venezuela |
| • Eritrea | • Myanmar | • Yemen |
| • Ethiopia | • Nepal | • Zambia |
| • Gambia | • Niger | • Zimbabwe. |
| • Ghana | • Nigeria | |
| • Guinea | • Pakistan | |
| | • Papua New Guinea | |

(c) Does the Commission consider applications for any countries not on the above list?

Where the country is not included on the above list, the Commission strongly encourages charities to contact it, by email, explaining why the charity believes an exception should be made. The charity should clearly and concisely explain why the project merits support through overseas development aid. The Commission is mindful there are often significant disparities in the distribution of wealth and so is prepared to consider such requests on a case by case basis.

(d) Are there any countries the Commission will not consider applications from?

The Commission does not consider applications for projects in countries which are wholly or partly in Europe.

(e) Does the Commission take account of a country's political situation, for example any political instability?

The Commission only considers a country's political situation where there are concerns that the project may not be able to proceed due to the political regime or government instability.

(f) Does the Commission accept applications for projects in countries which are subject of UN, EU or UK sanctions?

The Commission is very mindful that UN and other international sanctions are not applied lightly and only after careful scrutiny and debate within the UN, the EU, etc. The Commission is conscious that there may be what could be best described as “unintended consequences” following the imposition of sanctions and they are mostly likely to have the greatest impact on the daily lives of country’s poorest and most vulnerable groups and so result in a heightened need for humanitarian aid.

The Commission recognised that sanctions may be imposed, varied or removed between applying for a grant and the commencement of the project. The Commission does not automatically refuse applications where sanctions may be in force. However, it requires the charity to explain how such sanctions may impact on the need for and the delivery of the project when submitting their application. The application must show a clear understanding of the scope and impact of any sanctions and on the community which will benefit from the proposed project.

6. The Project

The Commission’s Grant Aid policy focuses on sustainable development and humanitarian aid to improve a community’s basic living needs and conditions without an on-going reliance or dependence on funding or support from overseas donors.

(a) What type of projects will be funded?

In defining “basic needs”, the following types of projects are examples of the types of projects the Commission has supported:

Sustainable supply of clean water - these projects may include:

- Providing wells, water pumps and other sources of clean water
- Improving the quality and/or sustainability of existing water sources
- Reducing the likelihood of water-borne diseases or illness.

Basic sanitation facilities - these projects may include:

- Building latrine blocks
- Providing community facilities to reduce waterborne diseases
- Building facilities to dispose of sewage away from drinking water sources.

Agricultural, horticultural or fishing projects - these projects may include:

- Protecting the land from e.g. desertification, leaching, deforestation, etc.
- ~~Providing a source of water for irrigation for agricultural and horticultural projects, etc.~~
- Training in agricultural techniques to reduce impact of droughts, flooding, etc.

- Enabling the community to reduce any dependency on food aid, etc.

Medical and health care facilities - these projects may include:

- Providing local access to basic health services
- Improving services targeting preventable diseases or HIV and AIDS infection, etc.
- Reducing the incidence of infant mortality and childhood deaths
- Establishing new or extending health service facilities, including clinics and hospitals.

Educational projects - these projects may include:

- Establishing or extending existing schools or other educational facilities
- Providing long-term training opportunities to reduce dependence on short-term aid.

Other types of projects - these projects may include:

- Improving disaster preparedness, particularly in areas at a high risk of natural disasters
- Rehabilitation basic infrastructure projects following conflict or natural disaster
- Mines clearance to return land to agricultural use, etc.
- Rotating loan funds, micro-credit unions, village savings scheme.

The above examples are illustrative and therefore the Commission will consider other projects within the various categories.

(b) Does the Commission favour any particular area of humanitarian work when considering Grant Aid applications?

The Commission considers all applications focused on improving basic needs on an equal basis.

(c) Does the Commission favour any particular groups?

The Commission expects applicant charities to explain how a project will benefit the whole community as well as individual direct beneficiaries.

In this respect universal services (like healthcare, education, clean water, etc.) should be accessible for all people, including those with disabilities. Equally all groups, including those who are at most risk of being marginalised, must be included in the discussions when the project is being scoped. All projects should seek to ensure that all members of the community enjoy the same quality of life and access to opportunities to achieve their personal goals and live independent lives.

(d) Are there any types of projects which the Commission will not fund?

The primary purpose of Grant Aid awards is to fund projects that make a sustainable improvement to the basic needs of very poor communities over a longer period without the reliance on year-on-year overseas aid funding.

The Commission does not provide Grant Aid to support the core funding for the charity's administration or its day-to-day operation, salaries of staff employed by the charity, including any of the charity's staff who may be working on the project either in the local area or within the charity's organisational basis, staff training or development or towards travel costs.

The Commission is mindful that many charities work with local partner agencies in the project country and that staff employed by the in-country partner often are key to the successful delivery of a project because of their local knowledge and understanding of cultural issues, etc. In such cases, salaries should only be included if the person would not otherwise be paid for any work directly linked to delivering the funded project.

The Commission may also reject an application where it believes that the project may result in conflict between e.g. neighbouring communities, etc. or would otherwise disadvantage other nearby or neighbouring communities.

(e) Does the Commission support the purchase of vehicles?

The Commission does not generally support projects which include the purchase of 4x4 or similar vehicles. Similarly, it does not generally support the purchase of motorcycles. However, the Commission will consider applications which include the purchase of bicycles for use in reaching remote communities or where access to some form of personal transport will enable people to become more self-sufficient.

(f) Is there anything else about the project which needs to be covered?

In line with the Commission's overriding object to provide a "*hand up rather than a hand out*", all projects must provide a lasting benefit to the community. Therefore, when presenting the project the application must clearly demonstrate the project's long-term sustainability and how the project will improve the day-to-day lives of the community without the need for further overseas aid support.

(g) How many projects can a charity submit?

The Commission limits the number of applications a single charity may make in a particular funding year to **one** applications.

7. The Project Budget

All applications must include a detailed budget showing how, where, when and on what the funding sought from the Commission will be spent. **The budget must be submitted as an A4 Word or pdf document to ensure it can be easily read when printed.** Budgets that cannot be easily read in this format may be rejected and so have a significant negative impact on your application.

(a) What information must the budget contain?

The budget is central to the Commission's assessment of the viability and merit of the application and the budget requirements are set out below. It must be attached to the application.

The budget must provide a detailed breakdown of how, where, when and on what the funding sought from the Commission will be spent. For example, if the project involves the building of a classroom, hospital ward, etc., the budget must provide a clear breakdown of the building, construction and fitting out costs. Labour costs must be listed separately and indicate whether staff are being taken on for the project or are employees of the charity or any partner agency in the country. The costs of fitting out and equipping the building must also be detailed separately, e.g. how many desks, chairs, blackboards, etc. are needed and the unit costs.

Where a project involves the delivery of a service, costs associated with the employment of the staff must be shown separately from general administrative costs. Here again, the budget must distinguish between staff being taken on for the project and employees of the charity or any partner agency in the country. Similarly, transport, office and stationary supplies, telecommunications and other support costs must be set out clearly.

Finally, the budget must also show how much of the grant will be spent on monitoring and evaluating the project.

(b) Does the Commission have a maximum threshold for overheads?

The Commission considers that, as a general rule, the overheads for delivering an award should not exceed 7% of the total cost of the amount of the grant requested. Overheads include administrative and staff support costs, pilot and pre-project assessment costs, monitoring and evaluation, and project reporting.

(c) Can the costs of reporting on the delivery of the project be included as part of the budget?

Yes. However, when assessing each application the Commission will look at how much of the funding requested will be spent on the administration and other logistical costs associated with the project, including monitoring delivery and preparing reports for the Commission, etc.

(d) Are there any costs which the Commission does not fund?

In all cases, travel and subsistence costs for any UK-based members (paid and unpaid) of the charity to visit the project site will not be covered as part of any Grant Aid award.

(e) How are *direct* beneficiaries defined?

The Commission defines the *direct beneficiaries* as the people who will benefit from the project at first hand. For example, where a project involves the building of a school, the direct beneficiaries will be the pupils who would attend the school. Similarly, for a well or other source of clean water, the direct beneficiaries will be the number of people most likely to use the new water source. The Commission recognises that calculating the number of beneficiaries may be difficult. It expects the charity to be realistic when identifying the direct beneficiaries.

The Commission has noted that in some proposals the estimated numbers of beneficiaries was an unrealistic and inflated number and lacked any evidence-based explanation about how this number was arrived at. Such applications will be unsuccessful.

Finally, where the application is part of a larger project the number of beneficiaries should relate either to the discrete part of the project or be provided on a pro-rata number based on the percentage contribution to the overall project you are asking the Commission to fund.

8. The Grant Aid Award

(a) Is there a threshold for Grand Aid awards?

The maximum value of a grant is £50,000.

(b) Does the Commission consider projects where part of the funding is being provided from other sources?

The Commission will consider projects where part of the funding is being provided from other sources. It recognises that in many cases, the charity making the application may have raised money from other sources, including donations to the charity itself.

The Commission does not have a preferred percentage share of a project and instead acknowledges it will vary according to the nature of the application, but it should be sufficient for the Commissioners to feel that the contribution from Guernsey will make an important difference to the overall project and to ensure a sense of “ownership” of the wider project.

The Commission is mindful that some applications may be dependent on co-funding. Similarly, the Commission recognises that in some cases funding may “unlock” other funding. The terms of any shared or co-funding must be clearly explained when making the application, including the timescales for confirming any co-funding agreements.

Where an application is part of a wider project (e.g. the Commission may be being asked to meet the costs of a particular part of a large building or construction project or the costs for year 2 of a 5 year project) this should be clearly set out in the application. This requirement applies even where the funding is for a discrete part of a wider project.

The application must indicate the duration and size (i.e. the overall cost and number of direct beneficiaries) of the wider project and details of the co-funders and any funding yet to be secured.

(c) Over what period does the Commission make Grant Aid awards?

The Commission currently only funds annual projects, i.e. the project must be commenced and completed within the twelve months following the confirmation of an award.

9. Evaluation of Applications

Each project is considered on its own merits and balanced against the various criteria. No weighting is applied to any of the individual criteria and there is no scoring system. In many cases, the Commission has no option other than to reject an application because it simply does not have the budget to support all the projects it may wish to.

When deciding which projects should be funded, the Commission reviews all applications and, where the application has satisfied the general procedure, the projects are assessed against the criteria set out below. The procedure is in four parts:

- (i) *Charity or agency* – including compliance with Charity Commission regulations, proportion of income spent on campaigning and governance; where previous awards have been made - compliance with the Commission’s own monitoring and reporting requirements;
- (ii) *Project location* – including whether the country is on the Commission’s list or the charity has made a persuasive case for an exception to be made, the country’s position on UN HDI, political stability, whether the country is subject of any UN or other international sanctions, etc. It will also look at the proximity of other similar facilities and the number of other INGOs working in the local area and wide region;
- (iii) *Project objectives* – including how the project will benefit the community, community participation and “ownership”, number of direct beneficiaries, sustainability, whether or not there will be reliance on further overseas aid funding, reasonableness of the time frame for delivering the project, whether all logistical issues have been reasonably considered and planned for, whether the project has been well thought out, etc.;

- (iv) *Project budget* – including assessing the proposed spending, the cost-effectiveness of the project, level of any administrative costs, including travel expenses and monitoring and evaluation costs, etc.; and
- (v) *UN Sustainable Development Goals* – including how the project supports general development objectives against which the individual goals have been developed and the particular goals which the project focuses on achieving.

The Commission may take account of issues which may be of wider public concern for Guernsey. The Commission is cognisant that in supporting a charity project or programme, it is effectively entering into a formal relationship with that charity which goes much wider than a simple financial relationship. It is important that neither party undermines the reputation or public trust in the other. Where a charity has publicly espoused negative views about Guernsey, it may be in neither the charity's nor in Guernsey's interest to enter into a formal (including financial) relationship.

9. Notification of Decisions and Distribution of Grant Aid Awards

(a) In what order does the Commission consider applications?

The Commission considers application in strict date order based on the date when the application was received. For 2020 Grant Aid applications, this means that the applications received towards the start of the application period should be notified in quarter 4 of 2019 but those received towards the end of the application period are unlikely to learn whether or not their application has been successful until late January 2020.

(b) Where a charity is unsuccessful, will the Commission provide reasons for not making a Grant Aid award?

The Commission will provide a general outline of the reasons why applications have been unsuccessful. However, due the large number of applications it receives, the Commission is unable to provide individual reasons to a charity.

The Commission will also notify charities individually where an application is rejected before consideration by the Commissioners because it has not satisfied the key requirements for all applications.

(c) What happens next where a Grant Aid award is approved?

The approval process is a two-stage process. If successful at the first stage, the charity will be advised that the Commission has short-listed a particular project for possible funding. The charity will then be invited to complete the Commission's due diligence questionnaire.

Once this questionnaire has been submitted, the information will be reviewed and verified and, if the Commission are satisfied that the charity has the necessary governance, financial management and safeguarding policies and procedures in place, the Commission will confirm the award and invite the charity to sign an agreement with the Commission setting out the conditions for the payment of the grant and the submission of reports, etc.

The Grant Aid award will not be paid until the signed agreement has been received. The grant will be paid in two equal instalments.

(d) What happens if the exchange rate changes between the submission of the application and the award of Grant Aid?

The Commission is very mindful that exchange rates do fluctuate and that in many of the least developed countries inflation rates are often very high. Similarly, the Commission recognises that several months may elapse between a charity submitting a Grant Aid application and it being approved and the money released by the Commission.

The Commission reserves the right to ask a charity to submit a revised budget if the exchange rate has changed significantly since the application was submitted. If a change means the costs of the project is less, the Commission may vary the amount of the award downwards to reflect the revised budget. The Commission is unable to make up any shortfall in funding which may occur.

(e) When will the funding be paid?

As a general rule, Grant Aid awards will generally be paid in two instalments. Prior to the release of the first instalment, the Commission will undertake a number of additional checks.

The first instalment will be released two to three weeks before the intended commencement date for the project, subject to the Commission being satisfied that the project can proceed as approved. Where the start date for the project is more than three months following submission of the completed charity registration form and Grant Aid agreement, the charity will be required to send an email to the Commission's Secretary (overseasaid@gov.gg) to confirm that the project can still proceed in the form and to the timescale previously approved by the Commission. The first instalment of the grant will not be paid until the email has been received.

The second instalment will be released following receipt of a satisfactory interim progress report.

After confirmation of an award, a charity may apply for a variation to the standard payment terms by emailing the Commission's Secretary setting out the request and the reasons for it. All such requests will be considered on their merits, but as a general rule, awards will not be made as a single payment unless there are exceptional circumstances for doing so.

(f) What happens if the project is being funded from more than one source?

Where only part of the funding for an approved project is being met by the Commission, the charity will be required to provide written evidence that the other source/s of funding is/are in place before its award is paid.

(g) How will the funding be paid?

Grant Aid awards are paid directly into the charity's bank account by BACS transfer. The Commission is unable to support any charity where the bank account, or that for the in-country partner/agent, is a personal account.

(h) What happens if circumstances change between a proposal being submitted and its approval meaning that it is unable to proceed?

The Commission requires charities to inform it of any changes to the project as soon as possible. For example, if a charity is able to secure funding from an alternative source, it must advise the Commission without delay. Similarly, if the local circumstances change and mean that the project cannot go ahead as set out in the proposal the application must be withdrawn.

(i) What happens if circumstances change after a project has been approved meaning that it is unable to proceed?

The Commission recognises that the situation within a country may change between the submission of an application and the approval of funding. In some cases, this may mean that the project cannot proceed as originally planned. The Commission's general policy is not to approve alternative projects in such circumstances but will consider changes where these do not alter the overall objectives of the approved project. In all cases, any changes must be discussed with and approved by the Commission before any of the award is spent.

(j) Can an award be used against work undertaken between submitting an application for funding and notification of the outcome?

No. The Commission's policy is not to make any retrospective payments to reimburse costs already incurred by a charity. The reason for this policy is to comply with States of Guernsey accounting and auditing procedures.

(k) Can an award be transferred to an alternative project?

No. The Commission's policy is that an award can only be used in accordance with the approved application.

The reason for this is that the Commission is mindful that when assessing applications many good applications are turned down simply because the requests for funding are significantly greater than the funding available. Therefore, to allow a charity to transfer an award to an alternative project could be seen as unfair by charities whose applications were unsuccessful.

10. Monitoring and Evaluation of Grant Aid Awards

The monitoring and evaluation of awards is a fundamental aspect of the Commission's work. The Commission regards non-compliance with the reporting requirements as a serious matter and will take it into consideration when considering future applications for funding.

(a) What reports are required by the Commission?

The Commission requires at least two reports to be submitted in relation to each award – an Interim Report and a Final Report. The Interim Reports will trigger the release of the second instalment, subject to the Commission being satisfied that the project is progressing in accordance with the approved application.

(b) When are the reports required?

The interim report must be submitted **within six months of the commencement date of the project** (i.e. the start date confirmed in the agreement).

The final report must be submitted **within two months of completion of the project or in any case no later than fourteen months after the payment of the first Grant Aid instalment**, whichever is the sooner.

(c) What must the interim report contain?

The interim report must provide an overview of the progress of the project and must include reference to the overall objectives of the project and the actual spending to date against the approved budget.

Where feasible, the interim report should also address how the delivery of the project is benefiting the community. The Commission requires the report to be concise, clear and comprehensive. It does not have to be particularly glossy. Some photographs showing the progress of the project will always assist the Commissioners in understanding how it is progressing.

(d) How must the interim report be submitted?

The interim report must be emailed to the Commission (overseasaid@gov.gg). The title for the interim report and the email must state the charity's name, the Commission's funding reference number and the title of the project, e.g. 123456/2020 – ABC Charity.

(e) What must the final report contain?

In addition to the above advice on the format of the interim report, the final report must provide an overview of the impact of and benefits from the project. This must reflect the overall objectives of the project and the final costs against the approved budget. It must also address how the project has and will continue to benefit the community. This must include reference to both direct and indirect beneficiaries and if the number of beneficiaries is different from the approved application, the report must explain why the differences have arisen.

When preparing the final report, the charity should include photographs which help to chart delivery of the project and assist in bringing the project to life. Similarly, short cases studies from the perspective of the beneficiaries assists in demonstrating the impact of a project for the local community.

(f) How must the final report be submitted?

See item (d) above.

(g) What happens if the project has not been completed within the twelve month period?

As variously noted above, the Commission funds projects which can be delivered within twelve months of an award being made. However, the Commission recognises that delays outside the control of the charity may arise.

If a project is delayed, you must notify the Commission as soon as the delay is known, including reasons for the delay and an indication of the likely duration and impact on the overall delivery of the project. The Secretary will brief the Commission. Each case will be assessed on its merits and the Commission's decision will reflect the facts of the particular case.

(h) What happens if the monitoring reports are not submitted as required?

As stated above, the reporting is a fundamental requirement for all Grant Aid awards. Therefore, non-compliance is viewed very seriously by the Commission.

The Commission actively monitors compliance with the reporting requirements and it is an important criteria when considering future applications. It recognises that local circumstances may have an impact on the feasibility of reporting within the above general timescales and so understands that from time to time reports will be submitted outside the general timescales.

N.B. This is generally not a problem when the charity contacts the Commission's Secretary prior to the date on which the report is due to explain the reasons for the delay and agree a revised submission date.

Where a report is not submitted and no request for an extension has been received and approved, the Commission has a range of sanctions available to it, including:

- Approving a revised reporting deadline with the charity where it is satisfied that non-compliance was due to factors outside the reasonable control of the charity;
- Issuing a warning notice to a charity, advising that a breach has occurred and may be taken into consideration when considering future applications over a specified period;
- Requiring the charity to return some or all of the Grant Aid award;
- Automatically rejecting future applications for Grant Aid for a specified period.

In all cases the charity will be given the reasons for the Commission's decision and have an opportunity for a review of the decision.

(i) Are there any other reporting requirements?

In addition to the above obligatory reporting requirements set out above, the Commission requires funded charities to notify it of any material changes in circumstances, without delay, which may impact on how the project is delivered. This is also a mandatory requirement and non-compliance may result in one of more of the above sanctions being imposed. Such reports must clearly outline,

- What steps the charity has taken to mitigate the change in circumstances;
- How the charity proposes to overcome the change in circumstances;
- What impact the change of circumstances will have on the costs of the project; and
- Where the change in circumstances impacts on the approved project budget a revised budget must be included with the report.

Further, the charity must not spend any further money until it has received confirmation from the Commission that the revised project has been approved.

The Commission reserves the right to, where it is satisfied that it would be appropriate and reasonable to do so, require a charity to return all or part of the Grant Aid award and/or to submit additional reports in particular circumstances.

(j) What happens if the project costs exceed the funding awarded?

The Commission is unable to make up any shortfall in funding which may occur. Where the overall costs have increased, the Commission requires the charity to meet any shortfall from its other income or through the support of another donor.

(k) What happens if the project costs less than the funding awarded?

If the project is achieved under budget the Commission requires all unspent balances to be returned to the Commission without delay and in any case no later than the date for submission

of the final report. As a general rule, the Commission will not consider applications to divert unspent balances into alternative projects.

If the under spend is less than £2,000 or less than one per cent of the award (whichever is the lesser amount), the Commission may allow the charity to retain the unspent balance if it is satisfied that the money will be used for additional work directly related to the original project.

(I) What happens if something changes in-country and the project cannot proceed as approved?

In these circumstances, the Commission requires the charity to notify the Commission's Secretary without delay. Where a project cannot be completed the Commission will require the charity to return all unspent balances without further delay and may require it to repay the full grant.

11. Further Information

For further information please contact:

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