

RULES
for the Ministry for Foreign Affairs on grants for
development cooperation and humanitarian assistance
organisations

Article 1

Scope and objective

These rules shall apply to the procedure when the Ministry for Foreign Affairs allocates grants to non-governmental organisations doing non-profit work that is in line with the Icelandic government's emphasis areas in development cooperation and humanitarian assistance.

The aim of these rules is to ensure equality, objectivity, transparency and fairness in competition when allocating and managing grants. The grants shall conform with government policy on contributions to international development cooperation, cf. Article 6 of Act No. 121/2008 on International Development Cooperation, the provisions of Article 42 of the Public Finance Act No. 123/2015, and Regulation No. 642/2018 on Grants from Ministers. Grants shall be given to specific projects and for a specified period each time.

The Minister for Foreign Affairs allocates grants in the field of development cooperation or humanitarian assistance following an opinion from a three-person evaluation group comprising two independent experts, as applicable, and a representative of the Ministry for Foreign Affairs. Evaluation groups in the field of development cooperation or humanitarian assistance shall be appointed by the Minister for a period of one year.

Applications for promotional and education grants shall be evaluated by three experts with knowledge of that policy area.

Evaluation groups may call in other experts when needed.

Article 2

Definitions

- a) *Newcomer project* means a development cooperation project by a party that has not previously applied for a project grant from the Ministry for Foreign Affairs.
- b) *Non-governmental organisation* means a party that is registered in the business register of the Directorate of Internal Revenue as a non-governmental organisation either because of their legal form or their occupation classification.
- c) *Development cooperation* means cooperation with parties in states included on the list of the Development Assistance Committee of the Organisation for Economic Co-operation and Development of recipients of international development assistance which is aimed at promoting long term economic and social development.
- d) *Humanitarian assistance* means action to respond to natural or man-made disasters, which is aimed at saving lives, delivering basic necessities and protecting civilians.
- e) *International humanitarian appeal* means a call for international assistance due to natural or man-made disasters, from UN bodies, governments on the list of the Development Assistance Committee of the Organisation for Economic Co-operation and Development of recipients of international development aid, or other international bodies that play a key role in giving humanitarian assistance.
- f) *Framework agreement* means a binding agreement between an eligible party and the Ministry for Foreign Affairs for giving aid in accordance with government policy in the field where the parties to the agreement define the primary goal to be reached during the period covered by the agreement, but where the beneficiary is free to choose a project.

- g) *Logical framework table* means a management tool for enabling the organisation, implementation and evaluation of projects.

Article 3

The role of support to NGO projects

The role of grants from the Ministry for Foreign Affairs to NGOs in development cooperation and humanitarian assistance is to encourage their participation and contribution to the policy area. The goals of the projects shall be in accordance with the Sustainable Development Goals (SDGs) and the government's emphasis in Iceland's international development cooperation.

Grants are allocated to the following types of projects:

- a) development cooperation:
 - a. newcomer projects in development cooperation for a maximum period of one year where the grants are not higher than ISK 4 million,
 - b. development cooperation projects of more experienced organisations for a period of up to four years,
- b) humanitarian assistance:
 - a. humanitarian projects in response to an international humanitarian appeal at any time,
- c) education and promotion of development issues and humanitarian assistance:
 - a. promotional campaigns to promote public knowledge of the policy area,
 - b. educational projects to build knowledge and strengthen the institutional capacity of applicants in connection with development cooperation or humanitarian assistance.

The Ministry can enter into framework agreements with NGOs on development cooperation or humanitarian assistance following a notice, cf. Article 0. The financial framework that the framework agreements are based on takes into account previous allocations and the operation of the organisation. NGOs that have entered into a framework agreement with the Ministry are generally not eligible for individual grants for projects that are similar to those falling under the framework agreement.

Article 4

Notices

At least once a year, the Ministry for Foreign Affairs shall issue a notice of the intended contributions to NGOs and call for applications from eligible parties.

The notice shall, inter alia, refer to these allocation rules and the applicable allocation terms, cf. Article 7, as well as the relevant guidelines. The notice shall explain the goals and emphasis of allocating said contributions, the amounts available, the conditions the applicant needs to fulfil in order to be eligible for a contribution, the format required for the application, the documents that need to accompany the application, the deadline of the application and the expected processing time of the applications.

The notice shall state that applicants for grants shall give a detailed description of the goals of the project the application is based on, a plan for implementing it, as well as a time and cost estimate, in addition to providing other information that is deemed necessary. If the applicant receives other grants or contributions for the project, they must declare them. It shall also be stated that only applications that fulfil the terms of the notice and the allocation rules will be considered.

Article 5
Eligible parties

Grants to NGOs are limited to organisations that meet the following conditions:

- a) they are registered in the business register of the Directorate of Internal Revenue as a non-governmental organisation, either because of their legal form or their occupation classification,
- b) they work towards a non-financial purpose,
- c) have their own laws and an administrative board in place,
- d) there are at least 30 members, sponsors or supporters,
- e) the purpose of the organisation does not go against the primary goals of Icelandic development cooperation,
- f) organisations that apply for grants for humanitarian projects honour the basic principles of humanitarian assistance,
- g) they have submitted endorsed annual accounts in compliance with the requirements of the Icelandic National Audit Office,

Grants may be allocated to development cooperation and humanitarian projects that are implemented in states included on the list of the Development Assistance Committee of the Organisation for Economic Co-operation and Development of recipient countries of official development assistance. Promotional and educational projects shall be implemented in Iceland.

The applicant shall, in accordance with Article 8 of Act No. 121/2008 on International Development Cooperation, be able to demonstrate compliance with internationally recognised requirements in the field of development cooperation or humanitarian assistance, including those of OECD-DAC, regarding knowledge, quality of technical solutions, general capacity and financial resources to participate in international development cooperation or humanitarian assistance projects.

Applicants must meet the requirements set by the Icelandic National Audit Office regarding the handling and custody of funds in the field of development cooperation and humanitarian assistance.

Article 6
Applications

Applications must be submitted on a special application form and shall include an explanation of how the applicant intends to use the grant.

All applications shall be accompanied by the following documentation and information or a confirmation that they have been submitted electronically or in print:

- a) a completed application form,
- b) a list of the names of the board members of the organisation and their positions,
- c) confirmation from the business register of the legal registration of the organisation,
- d) a copy of the organisation's by-laws,
- e) an overview of the projects and emphasis of the organisation, the countries where it operates and the scale of the operation,
- f) annual report for the preceding operating year,
- a) endorsed annual accounts, cf. Article 5,
- g) a financial estimate for tasks in the field and tasks that pertain to project management, controls and promotion of the project,
- h) an explanatory report of the operating practices and procedures of the organisation during the project, such as information on preparing, implementing and monitoring projects,

- i) information on the applicant and their partners, as well as any other information deemed necessary to support the application,
- j) the time frame of the project.

Applications for grants for development cooperation projects shall also be accompanied by the following documentation:

- a) logical framework table or a comparable recognised methodology for organising development cooperation projects or change management,
- b) an explanatory report on the arrangement of controls and progress evaluation.

In addition to the documentation listed in Paragraph 1, applications for grants for humanitarian projects shall be accompanied by a reference to the international humanitarian appeal being responded to.

In addition to the documentation listed in Paragraph 1, applications for grants for promotional and educational projects shall be accompanied by the following documentation:

- a) a description of the nature and scale of the project,
- b) a report explaining how the promotional project will aid in promoting humanitarian and development issues to the public and/or the activities of the organisation in Icelandic society,
- c) a report explaining how the educational project will aid in strengthening the human resources and professional activities of the organisation (institutional capacity) and whether this professional structure is likely to support the role of the organisation in the long term,
- d) a report explaining how to ensure impartiality and respect during the implementation of the project,
- e) a breakdown of costs.

Article 7

Allocation terms

In addition to requirements made for the applicants in Articles 4, 5 and 6 of these rules, as well as requirements that may derive from Article 8 of the Act on International Development Cooperation, the following terms for allocating grants apply according to these rules:

- a) all projects subject to these rules must take equality and environmental considerations into account,
- b) the development goals of the partner country where the development cooperation project will be implemented must always be the principal aim of the project and projects must not go against the plans and needs of the partner country,
- c) development cooperation projects shall have a measurable impact on development.

Article 8

Grant amounts

Grants may be allocated for a period of up to four years for development cooperation projects and up to one year for other projects. Counterpart contributions are required for projects for which a grant application has been submitted. The counterpart contribution may come from the applicants themselves, partners of the applicants or a third party. Partners and third parties can, for example, include members of the university community, other NGOs, economic agents or other private bodies. The counterpart contribution may not be paid with public grants. The amount of the counterpart contributions shall be as follows:

- a) for development cooperation projects, a counterpart contribution of at least 20 % is required,
- b) for humanitarian projects, a counterpart contribution of at least 5 % is required,
- c) for promotional and educational projects, a counterpart contribution of at least 20 % is required.

Article 9

Application evaluation

An evaluation group will assess the eligibility of applications and their value for the Ministry's emphases in development cooperation and humanitarian assistance, cf. in particular Articles 3, 5 and 7 of these rules. Assessment of applications shall in particular be based on the following criteria:

- a) the value and importance of the project for the government's policy in the field of international development cooperation or humanitarian assistance, as the case may be, cf. Article 3 of these rules and the goals of the relevant partner countries,
- b) the career and professional background of the applicants and other partners, cf. Article 5 of these rules,
- c) the likelihood of the applicant or other partners reaching the goals of the project,
- d) the financial basis of the project and/or whether the applicant has received other grants for the same project.

The applications shall be assessed and rated on the basis of assessment criteria which take into consideration the purpose of the Ministry for Foreign Affairs' support for the NGO's project and whether the notice has called for grant applications with a specific focus. The relative weight of the quality criteria shall be determined in advance of every allocation and published on the website of the Ministry for Foreign Affairs.

The evaluation group may request further information from the applicants when needed. When assessing the applications, the evaluation group is authorised to seek opinions from professional bodies if necessary.

Article 10

Allocation

The evaluation group submits a proposal to the Minister regarding the allocation and disposal of funds for projects. The proposals shall be in writing and include a brief, general description of the implementation and procedure during the making of the proposal. Each application shall be accompanied by a brief review and a proposal on how to handle it.

The Minister decides on allocating grants on the basis of the proposals made. Decisions on applications shall be communicated to all applicants in writing, along with the evaluation group's opinion of their application.

The Ministry for Foreign Affairs publishes the names of beneficiaries, project information and grant amounts on the Ministry's website.

Article 11

Allocation agreement and allocation terms

A written contract shall be made regarding contributions on the basis of the allocation terms, cf. Article 7 of these rules, ensuring satisfactory reporting on the process of the project and accounting. When the contribution is for a period longer than the fiscal year, the contract shall contain a clear and binding proviso that ongoing financial support of the project depends on there being budgetary allocations in the budget for the years which the contract applies to.

Article 12

Implementation and controls

The beneficiary and their partners are responsible for implementing the supported project. The Directorate for International Development Cooperation of the Ministry for Foreign Affairs handles all controls of the project. It must be made clear in contracts for grants that the Ministry for Foreign Affairs and the Icelandic National Audit Office shall have access to all relevant documents in order to audit the finances and the progress of the project.

Beneficiaries are obliged to inform the Ministry or the Audit Office of the progress of the project on request. The Ministry may suspend payments of grants and request reimbursement should the responsible party for the project not submit progress reports, if there are significant changes to the project, or if there is suspicion that the funds are not being used according to the project document and budget. The Ministry may also suspend payments of grants and request reimbursement when there is suspicion of abuse of power in connection with the implementation of the project, e.g. for sexual purposes, whether committed by or aimed at those involved in the project. Before making such decisions, the beneficiary shall be given an opportunity to declare their opinion of the matter. Beneficiaries shall take all appropriate measures to prevent any kind of corruption in relation to utilisation of funds as well as abuse of power when implementing projects.

Beneficiaries shall have in their operations, and require their partners to have or put in place, procedures or response systems for recipients of aid in order to react to indications of abuse or misuse of power.

Following the end of the project the beneficiary shall present the results of the project in a written report to the Ministry.

Article 13

Financial management

Beneficiaries are responsible for ensuring that their partners in the field follow the relevant standards regarding accounting and financial control. Beneficiaries are also responsible for ensuring that their partners have adequate skills and proficiency in this area. The procurement of items, labour and services shall be in accordance with international accounting conventions and good procurement methods. Beneficiaries shall exercise good governance and exercise prudence when using the grant.

A request for deviation from an approved budget shall be submitted to the Ministry before the expenses are incurred. Beneficiaries are, however, authorised to transfer the equivalent of 10 % of expenses for the primary items of expenditure between items and years. When the transfers result in significant changes to the project, the beneficiary shall seek the approval of the Ministry.

Beneficiaries shall create a policy on their position and measures against corruption and a code of ethics regarding the handling of finances. Grants shall never go directly to civil servants of Iceland or a foreign state for the purposes of facilitating or ensuring that humanitarian or development assistance is delivered. Beneficiaries are also responsible for training and informing their partners on the policies, codes of ethics and other such standards that partners must adhere to. Beneficiaries are obliged to include provisions on positions and measures against corruption in any contracts made with contractors and subcontractors.

Beneficiaries shall inform the Ministry in writing and without delay of any illegal actions, corruption or misuse of funds that beneficiaries become aware of or which are made known to them, whether within the organisation of the beneficiaries themselves or their partners. Beneficiaries shall investigate and when necessary, take measures against individuals who are found to be engaged in corruption or the misuse of funds. Such measures may include legal action or termination of employment. Beneficiaries shall keep the Ministry informed of the

measures taken, the progress of audits and investigations, and provide a final report to the Ministry at the end of such a procedure.

Unused grants shall be returned to the Ministry at the end of the project.

Article 14

Project progress reports

Progress reports are made by the implementing parties. These shall detail the progress of the project in relation to the work plan and explain any deviations. The reports shall be based on the progress frame that was set out in the project document and be simple, clear and concise. Progress reports shall e.g. include information on resources and expenses, as well as monitoring of projects and be based on progress indicators set out in the grant application.

The layout and presentation of the progress report is not standardised. Reports used for project management may be used for reporting to the Ministry.

Progress reports for long-term development projects shall be submitted at least once every six months until the project is completed. An annual report for all projects shall also be submitted. Any situation which impedes the implementation of the project must be disclosed without delay. The Ministry reserves the right to call for detailed information from the beneficiary on the monitoring and status of projects.

Article 15

Final report on projects

The final report shall account for the resources and expenses of the project, as well as detailing its progress over the project period. It should state if and how the goals set for the project were reached and assess their impact. The final report shall, *ceteris paribus*, be submitted to the Ministry no later than nine months from the completion of long-term development projects or three months from the completion of other projects.

Article 16

A memorandum from the Minister on contributions

The Minister shall account for the intended expenses for contributions in a supplement to the budget bill, cf. Article 19 of the Public Finance Act No. 123/2015, and in their annual report, cf. Article 62 of that act.

Article 17

Legal basis and entry into force

These rules, set in accordance with Article 5 of Regulation No. 642/2018 on Grants from Ministers, cf. Article 42 of the Public Finance Act No. 123/2015, and on the basis of Article 10, cf. Article 6 of Act No. 121/2008 on International Development Cooperation, shall enter into force forthwith.

Ministry for Foreign Affairs, 12 March 2019.

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