

Overseas Aid & Development Commission

Grant Aid Policy

This policy document should be read in conjunction with the Commission's Guidance Notes for Charities applying for Grant Aid Funding

“Helping the world’s least developed countries through a hand up rather than a handout”

1. Introduction

The Overseas Aid & Development Commission (the Commission) is a non-statutory, non-governmental 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. The Applicant

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

- Charities registered with one of the Charity Commissions in the British Isles
- Approved humanitarian agencies (e.g. UNICEF, UNHCR, etc)

If an agency is not a British Isles registered charity or an approved humanitarian agency, it is advised to contact the Commission’s Secretary prior to submitting an application for Grant Aid.

4. The Location of the Project

As indicated above, the Commission was established to,

“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.”

As a general rule, the Commission will give priority for funding to countries at the lower end of the UN Human Development Index. Where the country concerned is not defined as a “least developed” country, the Commission is will require the charity to set out why there are exceptional reasons to support this project over one in a less developed country. Applications for projects in the Federal Republic of Brazil, the Russian Federation, the Republic of India and People’s Republic of China (sometimes referred to as BRIC countries), the CIVETS countries (Colombia, Vietnam, Egypt, Turkey and South Africa) and other countries with emerging economies will be afforded a lower priority than less developed countries.

The Commission does not accept applications for Grant Aid for projects in European countries.

5. The Project

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 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 the costs of running or attending seminars or conferences.

The Commission is mindful that many charities work with local partner agencies in the project country. An application may include wages for locally employed staff where key to the delivery of the project. This may include those taken on to assist with a construction project, to provide training and outreach, especially where this work is linked to enabling the local community to become more self-sufficient through the development of new sources of income or reducing the impact of illness and disease, etc. The Commission recognises that staff employed by a local partner agency often are key to the successful delivery of a project because of their local knowledge and understanding of cultural issues, etc.

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.

6. The Grant Aid Award

(a) *Level of Awards*

The maximum amount of a Grant Aid award is £40,000 for an individual project. There is no lower threshold for Grant Aid awards.

(b) *Number of applications per annum*

As a general rule the Commission limits the number of applications a single charity may make in a particular funding year to two applications.

(c) *Period of an award*

The Commission's general policy is to fund annual projects, i.e. the project should be commenced and completed within the twelve months following the making of the award.

(d) *Payment of Awards*

It is the Commission's general policy to pay annual awards in two instalments. The first instalment will be released three to four weeks before the project is due to commence subject to receipt of the completed agreement form which will be sent to the charity when the Commission confirms that an award has been approved.

The first payment will generally be for 50 percent of the Grant Aid award. The second instalment will be made on receipt of the interim report, subject to the Commission being satisfied that the project is being delivered in accordance with the approved application proposal.

7. Evaluation of Applications

The Commission receives a large number of applications for Grant Aid funding (in 2015 the commission received some 237 applications) and the amount of funding sought is significantly more than the Commission's budget (in 2015 the amount of funding requested was just over £8 million). On average the Commission is unable to support about one in three 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 case, 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 position on UN Human Development Index, the political situation in the country, whether the country is subject of any UN or other international sanctions, the country's human rights record, etc.
- (iii) *Project objectives* – including projects objectives, how it will benefit the community, how many people will benefit, directly or indirectly, from the funding, the sustainability of the project, without reliance on further overseas aid funding, the reasonableness of the time frame for delivering the project, whether the needs of the beneficiaries have been fully identified, whether all logistical issues have been considered and planned for, whether the project has been well thought out, etc.
- (iv) *Project budget* – including assessing the proposed spending on the project, the cash flow projection, the level of detail, the cost-effectiveness of the project, whether the proposed spending appears to support the objectives of the project, the level of any administrative costs, including travel expenses and monitoring and evaluation costs, etc.

The Commission may take account of issues which may have wider public concern to Guernsey and any advice from the Policy Council's External Relations Advisor regarding any sanctions regime which may be in place in the project country.

8. Notification of Decisions

Due to the large number of applications received, the Commission is unable to consider all applications at the same time. The Commission will advise the charities of its decision as soon as it is able following determination. In some cases, the Commission may defer an application to request additional information or clarification of some aspect of the application.

(a) *Successful applications*

Where an application is approved the charity will be asked to confirm that the project is still able to proceed as set out in the application and the anticipated start date. The charity is also required to sign a simple agreement which sets out the amount of the award, the purpose for which the award is made and the reporting requirements. The Commission will not release the Grant Aid award until the signed agreement has been received.

(b) *Unsuccessful applications*

Where an application is rejected the Commission will use its best endeavours to provide feedback to the unsuccessful applicants. In many cases, the reason for refusing an application is simply because the Commission's budget is not able to support all applications that satisfies the general criteria and may merit funding.

The Commission will, in general terms, advise the charity as to any aspects of the unsuccessful application which were unclear, lacking in detail or not within the general funding criteria.

9. Monitoring and Evaluation of Grant Aid Awards

The monitoring and evaluation of Grant Aid awards is a fundamental aspect of the Commission's work. The Commission will set out the reporting time frame when confirming a Grant Aid award and this will be adjusted as necessary depending on the nature of the project receiving funding. The Commission requires two reports to be submitted.

The first obligatory report is the Interim Report. As a general rule this report should be submitted between six and eight months following the release of the Grant Aid award by the Commission. This report will serve to trigger the release of the second instalment of the Grant Aid award, subject to the Commission being satisfied that the project is progressing in accordance with the approved application. The second obligatory report is the Final Report. As a general rule this should be submitted within two months of completion of the project or no later than fourteen months after the payment of the first Grant Aid instalment, whichever is the sooner.

The Commission recognises that local circumstances may have an impact on the feasibility of reporting within the above general timescales. It is therefore happy to accept reports outside the general timescales, subject to the charity contacting the Commission's Secretary prior to the date on which the report is due and setting out the reasons for the delay.

(c) *Interim Report*

The interim report must provide a concise overview of the progress of the project and include reference to the overall objectives of the project and the spending against the approved budget. Where feasible, the interim report/s must also address how the delivery of the project is benefiting the community.

(d) *Final Report*

The final report must provide a concise overview of the full delivery of the project and this must reflect to 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 and include reference to both direct and indirect beneficiaries. If the number of beneficiaries is different from the approved application, the report must explain why the differences have arisen.

(e) *Other reporting requirements*

In addition to the 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. Such reports must clearly outline,

- What has changed
- 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
- The length of any delay to the overall project timetable.

Where the change in circumstances will have an impact on the approved project budget a revised budget must be included with the report.

Further, the charity must ensure that no further money is spent on the project until it has received confirmation from the Commission that the revised project has been approved. The Commission reserves the right to require a charity to return all or part of the Grant Aid award where it is satisfied that it would be appropriate and reasonable to do so.

(e) *Non-compliance with the reporting requirements*

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 has a range of sanctions available to it, including:

- Agreeing 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 from the charity for a specified period.

Where the Commission believes some action must be taken, the charity will be provided with reasons for the Commission's decision and given an opportunity for the decision to be reviewed.

(f) *Return of unspent balances*

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, i.e. generally no later than twelve months after the original award was made.

As a general rule, the Commission will not consider applications to divert unspent balances into alternative projects. Any such applications will be considered in the same way as other stand alone applications. The reason for this rule is because the Commission is very mindful that it receives significantly more applications for Grant Aid than it can fund and currently rejects about 80 percent of all applications.

(g) *Non-delivery of approved projects*

If for any reason a charity is unable to proceed with a project for which funding has been granted, the charity must notify the Commission's Secretary without delay. The charity must also ensure that no further monies from the approved award are spent.

The Commission will require a report explaining:

- Why the project cannot proceed as approved
- How far the project had progressed
- How much of the Grant Aid award has been spent and on what.

The report must also address whether the problems are such that the project is unlikely to be able to proceed at all or the anticipated length of any delay in completing the project. The report must include a comparative budget, showing how much money and on what has already been spent against the approved budget.

As a general rule, the Commission will require a charity to return any unspent balances without delay. The Commission will re-release any returned money, if, during the funding year, the charity is able to confirm with the Commission that the situation has further changed and the project can now proceed as originally approved.

(h) Non-compliance with funding agreements

In addition to the above internal sanctions which the Commission may impose for non-compliance with its audit, financial management and reporting requirements, the Commission may also notify the Charity Commission with which the charity is registered of the breach and its actions to rectify the position. In these circumstances the Commission will have pre-warned the charity of its intention to do so and will copy the report to the charity.

10. UN or other international sanctions

The Commission is very mindful that UN and other international sanctions are not applied lightly and are only applied after careful scrutiny and debate within the UN, etc. Such sanctions will have also been widely publicised through the international media and have been the subject of wide public and political debate.

The Commission is also very conscious that there may be what could be best described as “unintended consequences” following the imposition of sanctions. Such unintended consequences can include a significant impact on the daily lives of country’s population, particularly the poorest and most vulnerable members of the population. As a result there may be a heightened need for humanitarian aid.

The Commission is also mindful that such sanctions may be varied or removed and indeed imposed between the date on which the Commission may consider a Grant Aid application and the commencement of the project. For this reason it will not automatically refuse applications where UN or international sanctions may be in force and 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.

The Commission will always take advice from the States of Guernsey’s External Relations Group. The final decision whether or not to accept an application will always rest with the Commission, however the advice from the External Relations Group will be central to informing the Commission’s decision.