



**SUDAN RECOVERY FUND  
SOUTHERN SUDAN  
(SRF-SS)**



**Small Grants Window  
SRF Round II**

**June 2009**

## EXECUTIVE SUMMARY

At the January 2009 SRF-SS Steering Committee meeting, the Technical Secretariat presented options for a Small Grants Window (SGW) to be established under Round II projects of the SRF-SS. The Committee recommended that such a window should be co-managed by the Southern Sudan Reconstruction and Development Fund (SSRDF) in partnership with an International Non-Governmental Organisation (INGO) that would serve as Grants Coordinator. Pursuant to receiving this directive, the Secretariat issued a call for proposals in March of 2009 and received three applications. This paper describes the review process and seeks the endorsement from the Steering Committee to appoint the Bangladesh Rural Advancement Committee (BRAC) as Grants Coordinator, subject to agreement on contractual details. SSRDF will have overall responsibility for the effective implementation of the SGW and will collaborate closely with the Technical Secretariat and the Grants Coordinator. SSRDF will also oversee the equitable distribution of grants across the States and will consult as necessary in this regard with State and County authorities.

The Secretariat also took on board recommendations from a recent UNDP assessment of local organisations. It is the view of the Secretariat that this comprehensive assessment precludes the need for further detailed capacity assessments as the challenges for over three hundred local organisations have been mapped in considerable detail. Following endorsement by the Steering Committee of the detailed SGW proposal contained in this paper, SSRDF will circulate the announcement of the establishment of the facility widely through its network, the membership of the National NGO Forum and the Sudan Capacity Building Forum (SCBF).

The Technical Secretariat will be in charge of receiving and registering all applications before submitting applications to a Review Committee, which shall comprise representatives of the SSRDF (Chair), Local Government Board, Technical Secretariat and National NGO Forum of South Sudan. The Grants Coordinator will be an ex-officio member. The Review Committee will submit recommendations to the Inter Ministerial Appraisal Committee (IMAC). Upon endorsement by IMAC, the Technical Secretariat will request UNDP to enter into a contract with the Grants Coordinator through which the latter can receive SRF funds in order to enter into sub-grant agreements between the Grants Coordinator and successful applicants.

This paper puts forward detailed eligibility criteria for the types of organisations, activities and costs that may be considered eligible to ensure that the SGW is a transparent and predictable framework. It is proposed that the SGW will focus on national organisations that are not already in receipt of significant donor financing or that focus on marginalized communities, and that only groups organised for the purpose of providing a public benefit, should be eligible. Eligible organisations shall otherwise be composed of a group of individuals and being voluntary, autonomous, non-profit and not engaged in partisan politics. Organisations focused on women shall be given preferential treatment. Eligible organisations shall also have genuine links to local communities, shall have a clear track record and shall have registration certificates issued by the Ministry of Legal Affairs and Constitutional Development.

Only activities and proposals that focus on the SRF key sectors, health, education, water and sanitation and agriculture, shall be eligible or activities that otherwise contribute clearly to early impact and tangible peace dividends for communities

In term of the financial structure, this paper proposes that US\$2 million should be available for grants, possibly a class of smaller grants (between US\$5,000 and US\$15,000) and larger grants (between US\$15,000 and US\$35,000). Direct costs of the Grants Coordinator should not exceed 5% and indirect costs should not exceed 2% of the total size of the SGW of US\$2.5 million. US\$200,000 would in principle be available for training and remaining funds should be retained as a provision for contingencies and external audit.

## **1. Background**

- 1.1. At the SRF-SS Steering Committee meeting of 27 January 2009, the Technical Secretariat presented initial options for a Small Grants Window to be established under the Fund with the explicit aim to ensure that national organisations have improved access to SRF-SS funds and have the capacity and resources to contribute to meeting the recovery challenges of Southern Sudan, particularly at community level.
- 1.2. The Steering Committee considered several options and recommended that a Small Grants Window be co-managed by the Southern Sudan Reconstruction and Development Fund (SSRDF) in partnership with an International Non-Governmental Organisation (INGO) that would serve as Grants Coordinator. The Committee took note of the concerns that the cost structure of the Small Grants Window should be examined closely, that there should be clear roles of the various stakeholders, specifically the role of the SSRDF, and that the effect on overhead charges by the inclusion of a Grants Coordinator should again be reviewed carefully by the Technical Secretariat. The scope of the Small Grants Window was increased to US\$2.5 million.
- 1.3. Pursuant to this review by the Steering Committee and the mandate to elaborate a detailed proposal, the Technical Secretariat organised in March 2009 an open call for proposals for an International NGO to act as a Grants Coordinator for the SRF-SS Small Grants Window. This paper presents the outcome of the call for proposals and suggests in greater detail how a Small Grants Window could work, bearing in mind the specific objective to promote the involvement of national organisations in recovery activities, and also bearing in mind the lessons learned under similar schemes, notably the small grants scheme of the European Commission.
- 1.4. The specific proposals in this paper reflect additional consultations with various stakeholders and are influenced by an overriding concern that a SRF-SS Small Grants Window should enable meaningful and low-threshold access by local organisations, particularly those organisations that do not already have access to significant donor resources, and that eligibility criteria and selection methodologies should be transparent and clear from the start.

## **2. Outcome – Call for Proposals**

- 2.1. The Secretariat arranged for the call for proposals to be advertised in the Citizen Newspaper, the Juba Post and the Khartoum Monitor in February. It was also posted on the SRF-SS website and all details including the application form were available on line. Three applications were submitted by the deadline of 23 March 2009 by three organisations, Mercy Corps (MC), Food for the Hungry International (FHI) and the Bangladesh Rural Advancement Committee (BRAC).
- 2.2. A team comprising the Technical Secretariat, the SSRDF, the National NGO Forum and the Ministry of Finance and Economic Planning (Aid Coordination) reviewed the three proposals in a meeting on 1 April 2009 and unanimously recommended that BRAC should be considered for the role of Grants Coordinator, subject to some important clarifications. On Mercy Corps, the committee noted that the organisation presented a good proposal and has been working with local organizations in the past in South Sudan. The committee however decided not to recommend the proposal for funding because of high personnel costs proposed and the organisations proposal to co-mingle the SS-SRF recovery funds with other small grants development windows, financed by other donors. The committee did not recommend Food for the Hungry International (FHI) on the grounds of limited organizational capacity and limited geographic coverage. The committee did recommend BRAC for the role of Grant Coordinator role, in principle. The organisation has a good track record in Southern Sudan and had presented a proposal with modest overhead and

interesting capacity strengthening proposals. The committee recommended that if BRAC is endorsed by the Steering Committee as Grants Coordinator, the agreement with the organisation has to stipulate that BRAC should have the capacity to ensure the monitoring of grants across all States.

- 2.3. In further discussions, pursuant to the recommendation by the review committee, the Technical Secretariat dissuaded the candidate for the role of Grant Coordinator to seek a separate implementing organisation for the Small Grants Window (SGW). The Secretariat emphasised the need to keep the SGW relatively light with low overhead but with a transparent arrangement for eligibility criteria and a predictable arrangement for the selection of grantees.
- 2.4. The Secretariat also took on board the important recommendations contained in a comprehensive assessment of local organisations that has recently become available, conducted under the auspices of the UNDP Rapid Impact Emergency Project.<sup>1</sup> This comprehensive assessment precludes the need for further detailed capacity assessments as the challenges for over three hundred local organisations have been mapped in considerable detail, making it very clear where capacity improvement efforts should be focused. This should enable the SGW to allocate a greater proportion of funds to go directly to grantees, as compared to a scenario where considerable capacity assessments would still have been required.

### **3. Stakeholders' Roles**

- 3.1. The March 2009 Call for Proposals, indicated specific following roles for the SSRDF and the Grants Coordinator respectively. As such, the SSRDF will assume a joint coordination and oversight function for the Small Grants Window including chairing of the Review Committee also proposed in the Call for Proposals. SSRDF will have overall responsibility for the effective implementation of the Small Grants Window and will collaborate closely in this regard with the Technical Secretariat. SSRDF will also oversee the equitable distribution of grants across the States and will consult as necessary in this regard with State and County authorities, in particular to ensure that underserved or highly vulnerable areas are included.
- 3.2. Following endorsement by the Steering Committee of this detailed SGW proposal, the SSRDF will circulate the announcement of the establishment of the Small Grants Window widely through its network. The announcement will also be shared with the National NGO Forum and the Sudan Capacity Building Forum (SCBF) which will be requested to share the announcement with respectively their membership and with the over three hundred national organisations recently surveyed. Announcements will also be placed in the main newspapers and on the SRF-SS Website. The announcements shall be accompanied by an annotated application format.
- 3.3. The Technical Secretariat will be in charge of receiving all applications and will ensure accurate logging and registration of all applications for submission to the Review Committee. The Review Committee will review all proposals in conformity with a detailed evaluation matrix to be elaborated by the Technical Secretariat and SSRDF.<sup>2</sup> On the basis of the outcome of the review of applications, an overall programme of grants proposed will be prepared by the Review Committee for submission to and review by the Inter Ministerial Appraisal Committee (IMAC).

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<sup>1</sup> Mapping and Capacity Assessment of Local Organisations involved in Community Driven Development and Recovery, UNDP/UN-Habitat, May 2009.

<sup>2</sup> This evaluation matrix will be made available on the website to ensure that all applicants will know in advance how the various aspects of their submission will be evaluated.

- 3.4. Upon endorsement by IMAC, and bearing in mind the views and comments from this body, the Technical Secretariat will request the Grants Coordinator to prepare draft grant agreements with the selected parties.
- 3.5. The Grants Coordinator (GC) will receive funds from UNDP at the request of the Technical Secretariat. UNDP and the GC will agree on due procedures for budgeting and grant management. The GC will negotiate grant agreements and disburse grants to grantees in line with the overall proposals agreed between the Review Committee and the IMAC, as well as the procedures agreed with UNDP.
- 3.6. The GC will develop a Monitoring and Evaluation framework in consultation with the Technical Secretariat that reflects and informs the broader aims of the SRF-SS strategy and will also monitor grantee performance ensuring that deficiencies are detected and addressed. The GC will also develop a detailed set of guidelines for grantee reporting, including financial reporting. These guidelines will also set criteria for additional disbursements.
- 3.7. The GC will manage the grantee relationships including the resolution of challenges to ensure timely and effective implementation of approved projects under this mechanism. In this regard the GC will provide periodic reports to the SSRDF and the Technical Secretariat on overall implementations and performance of grants. The GC will develop and oversee the organisation and implementation of a Training of Trainers workshop to ensure that at State level, two Trainers are available to conduct workshops for grantees in financial management and financial reporting.
- 3.8. The Technical Secretariat, the Grants Coordinator and UNDP will jointly agree on the organisation of State level workshops.
- 3.9. The GC will compile a quarterly narrative and financial report on the small grants mechanism for inclusion in the Technical Secretariat reports to the Steering Committee

#### **4. Review Committee**

- 4.1. The Review Committee will have the following role and functions:
- 4.2. The Review Committee will approve project proposals for submission to the Inter Ministerial Appraisal Committee, and will be composed of the following members:
  - 4.2.1. A representative of the SSRDF, who will act as the chair of the Review Committee;
  - 4.2.2. A representative of the Local Government Board;
  - 4.2.3. A representative of the SRF Technical Secretariat;
  - 4.2.4. A representative of the National NGO Forum of South Sudan;
  - 4.2.5. The Grants Coordinator will be an ex-officio member of the Review Committee.
- 4.3. The Grants Coordinator will act as Secretariat for the Review Committee. The Grants Coordinator will also be responsible for ensuring that meetings take place on a regular basis and that minutes are prepared. The Grants Coordinator will also ensure that regular monitoring and evaluation of approved projects takes place.
- 4.4. The mandate of the Review Committee includes:
  - 4.4.1. Review and endorsement of NGO grant applications and project proposals submitted in summary form by the Grants Coordinator;
  - 4.4.2. Approve batches of projects submitted by applicant organisations for review and endorsement by IMAC;
  - 4.4.3. Review proposals to determine if proposed activities meet minimum requirements in terms of consistency with local government priorities and quality of inputs;

- 4.4.4. Facilitate coordination between the SGW, line ministries and other government agencies relevant to the activities of the projects;
- 4.4.5. Participate in the M&E arrangements of project implementation, including review of progress reports and financial reports, field monitoring and verification exercises;
- 4.4.6. Review and monitor the framework for support to capacity building of the national organisations;
- 4.4.7. Resolve any legal issues and mitigate risks that may emerge over access to services and project related assets.
- 4.4.8. The Review Committee may instruct the GC on needed reference checks for selected applicants as and when appropriate.
- 4.4.9. The Review Committee will also decide on all issues that might arise from the interpretation or application of eligibility criteria.

## **5. Organisations eligible to receive grants**

- 5.1. The SRF-SS Small Grants Window will focus primarily on national organisations that are not already in receipt of donor financing or that focus on marginalized communities, communities with high levels of returnees or communities with significant instability.
- 5.2. Organisations shall meet the description of being groups organised for the purpose of providing a public benefit as distinct from organisations organized primarily to serve a mutual benefit. Only organisations organized for the purpose of a providing a public benefit shall be eligible to receive grants. Eligible organisations shall otherwise be composed of a group of individuals and being voluntary, autonomous, non-profit and not engaged in partisan politics.
- 5.3. Organisations headed by women or where the majority of the membership comprises women, shall be given preferential treatment. Eligible organisations shall have at least two full-time staff members, one of whom should be female.
- 5.4. Eligible organisations shall have clear and durable links to the local community meant to benefit from the proposal and shall have secured, or are likely to secure, endorsement of the County Commissioner concerned.
- 5.5. Eligible organisations shall have a clear track record of earlier project implementation. Groups should provide descriptions of at least three projects that they were previously associated with.
- 5.6. Only organisations with registration certificates issued by either the Ministry of Legal Affairs and Constitutional Development (MoLACD), the Southern Sudan Relief and Rehabilitation Commission (SSRRC), or the County Commissioner, shall be eligible.
- 5.7. All organisations wishing to be eligible should have articles of association or documentation formally establishing the organisation with a clear description of objectives, membership and oversight arrangements.

## **6. Activities eligible for grant financing**

- 6.1. Only activities and proposals that focus on the SRF key sectors, health, education, water and sanitation and agriculture, shall be eligible or activities that otherwise contribute clearly to early impact and tangible peace dividends for communities including livelihoods, shelter, income generation or basic necessities.
- 6.2. Otherwise, in order to be eligible, activities must:
  - 6.2.1. Focus on quick delivery and have clear and verifiable descriptions of beneficiaries;

- 6.2.2. Should be relevant to communities historically underserved or specifically affected by insecurity or be relevant to communities affected by high levels of return, reintegration and other vulnerable groups;
  - 6.2.3. Describe clearly the involvement of the communities in the design, formulation and implementation of the proposals;
  - 6.2.4. Should have clear benefits for women and should clearly describe how women's concerns have been taken into account and how these concerns will be addressed through the project;
  - 6.2.5. Should clearly address the long-term strengthening of the involvement of communities in recovery and development activities.
  - 6.2.6. Activities should have a duration of not more than 18 months to ensure that with preparation time and reporting time, the full activity could be completed in 24 months.
- 6.3. Not eligible for financing are:
- 6.3.1. Activities concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
  - 6.3.2. Ad hoc conferences: conferences can only be funded if they form part of a wider range of activities to be implemented in the life-time of the action. For these purposes, preparatory activities for a conference and the publication of the proceedings of the conference do not, in themselves, constitute such "wider activities";
  - 6.3.3. Activities concerned only or mainly with individual scholarships for studies or training courses, or activities in the formal education sector (apart from primary and vocational education), except in special circumstances;
  - 6.3.4. Activities which consist exclusively or primarily in capital expenditure, e.g. land, buildings, equipment and vehicles;
  - 6.3.5. Activities which discriminate against individuals or groups of people on grounds of their gender, sexual orientation, religious beliefs or lack of them, or their ethnic origin;
  - 6.3.6. Activities supporting political parties and proselytising activities.

## **7. Costs eligible for financing**

- 7.1. Eligible for financing are direct costs that comply with the principles of sound financial management, in particular value for money and cost effectiveness and relate to costs incurred in delivering goods and services. All direct eligible costs shall in all cases be backed up by originals of supporting documents.
- 7.2. Subject to the above, eligible direct costs may include travel costs for personnel and other persons participating in the project; purchase or rental costs for equipment and supplies (new or used) directly relevant to the activities provided the prices of equipment correspond to market rates; cost of consumables; costs arising directly from the requirements of the contract (dissemination of information, evaluation specific to the project, audit, translation, printing, insurance, etc).
- 7.3. Organisations may include in their budget indirect costs related to overhead, provided these costs do not exceed 2% of the approved budget. Other support costs should be shown as direct costs and should not exceed 5%.
- 7.4. Not eligible for financing are costs related to: debts and provisions for losses or debts; interest owed; items already financed in another framework; purchases of land or buildings; currency exchange losses and taxes.

## **8. Other Considerations**

- 8.1. Based on the above framework, the SSRDF and the Technical Secretariat, in consultation with the organisation recommended as Grants Coordinator, shall develop detailed terms of reference sufficient for the contractual engagement of the Grants Coordinator by UNDP. The contract shall include all details of disbursement of funds to grantees, required reporting by grantees and GC reporting and monitoring.
- 8.2. The proposal received from BRAC provided for US\$403,880 in capacity building, US\$175,392 in grant administration, and US\$1,920,000 in grant resources. The core component of the grant fund was to comprise fifty (50) grants of US\$35,000 each, totalling US\$1,750,000. Based on additional consultations with local organisations, the Technical Secretariat is of the view that grants of US\$35,000 may be onerous on certain organisations and would therefore propose a two-tier system with one category of grants between US\$5,000 and US\$15,000 and a second category of grants in the range of US\$15,000 – US\$35,000. The matrix for proposal evaluation would be adjusted to reflect lower complexity of smaller grants and relaxed capacity criteria.
- 8.3. The Technical Secretariat proposes that US\$2,000,000 should be reserved for grants and that a decision on proportion of small grants versus large grants should be taken by the Review Committee in view of eligible submissions received. The BRAC proposal included a provision of 7% in direct<sup>3</sup> and 2% indirect costs. The Technical Secretariat supports this provision. Of the remaining funds, US\$200,000 would in principle be available for training and remaining funds should be retained as a provision for contingencies and external audit.

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<sup>3</sup> BRAC proposes to engage one (1) Chief Technical Officer, one (1) internal auditor and eight (8) monitors for the duration of the operation or 24 months.