

Policy Title	Policy and Procedures for Using Grants as a Funding Modality
Previous title (if any)	Grant Policy
Policy objective	The Grant Policy outlines UNFPA's use of grants defined as a funding modality to provide a small financial contribution to a community based not-for-profit or civil society organization solely for the purpose of building the internal capacity of the organization.
Target audience	This policy applies to all UNFPA personnel, particularly those involved in selecting, awarding, monitoring and reporting of a grantee.
Risk matrix	Controls of the process are detailed in the <a href="#">Risk Control Matrix</a>
Checklist	Main control activities are outlined in the <a href="#">checklist tool</a> .
Effective date	5 September 2016
Revision History	Issued: February 2014 Revision 1: September 2016
Mandatory revision date	September 2019
Policy owner unit	Programme Division

**POLICY AND PROCEDURES FOR USING GRANTS AS A FUNDING MODALITY****Table of Contents**

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## Grant Policy

### I. Purpose

This policy outlines the use of grants at UNFPA. A grant is a UNFPA implemented funding modality used to provide small financial contributions solely to develop or strengthen the capacity of an organization as defined below.

### II. Policy

This policy outlines UNFPA's use of grants, identifies control actions to mitigate potential risks related to its use and establishes the following:

- Grants can only be issued to community based not-for-profit<sup>1</sup> or civil society organizations (CSO)<sup>2</sup>, working in one or more areas of UNFPA's mandate, solely for its own internal capacity development<sup>3</sup> purposes as defined in this policy.
- Grants are to be used to build the capacity of an organization to undertake specific aspects of its agenda directly related to UNFPA's mandate.
- A grant cannot be given to an organization to undertake any activity *on behalf of* UNFPA, nor can there be any deliverable expected.
- Grants cannot be used for advocacy purposes; advocacy related activities must follow the implementing partner programme route.
- Approved grantees must be registered in the [Partner Information Management System \(PIMS\)](#).
- Grants cannot be issued to governments, *established* non-government organizations (NGOs) who have the capacity to be an implementing partner, academic institutions, United Nations agencies or private sector for-profit entities.
- Grantees cannot be both an implementing partner and a grantee at the same time.
- The following grant thresholds apply:
  - a) Grants are limited to US\$30,000 per organization per year. The threshold applies to the organization collectively across *all* UNFPA.
  - b) The total of all grants given by a business unit<sup>4</sup> is not to exceed 10% of a business unit's allocated annual ceiling for regular resources<sup>5</sup>.
  - c) An organization cannot be a grantee for more than 2 consecutive years.
- Grants cannot be issued if the applying organization is on the [Consolidated United Nations Security Council Sanctions List](#)

<sup>1</sup>A community based organization is a non-profit organization that is representative of a community or a significant portion of said community and is engaged with meeting specific societal needs. Given UNFPA's mandate, special attention should be given to women led organizations.

<sup>2</sup>A civil society organization (CSO) is a non-state actor that aims neither to generate profit nor to seek governing power. CSOs unite people to advance shared goals and interests. They work on a smaller scale than those on a national or international level.

<sup>3</sup>Capacity is defined by the OECD DAC as the ability of people, organizations and society as a whole to manage their affairs successfully; and capacity development is understood as the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.

<sup>4</sup>Business unit is defined as the country or regional office or a headquarter branch/or division.

<sup>5</sup>No such limit is restricted on other resources as they are bound by the conditions of the donor agreement.

- An activity clearly identifying grants must be included in the UNFPA-implemented workplan of the respective business unit and coded in Atlas as PU0074.
- All activities, including the budget, schedule and other details must be clearly stated in the Capacity Development Plan as annex I of [the Grant Agreement](#).
- If the grantee sub-contracts any of its activities to a third party, all sub-contractors, and the activities they undertake, must be clearly spelled out in the capacity development plan prepared by UNFPA, in consultation with the grantee.
- Grants will be subject to audits by the Office of Audit and Investigation Services (OAIS) and the United Nations Board of Auditors, at their discretion, to ensure grants are administered in accordance with this policy<sup>6</sup>.
- Selection and administration of a grant must follow the procedures outlined below.

The policy also reinforces adherence to the obligations under the [UNFPA Policy on Financial Disclosure and Declaration of Interest](#) that no UNFPA personnel, involved in the grant process, has any conflict of interest<sup>7</sup> and is responsible for ensuring impartiality in selection and decision-making.

### **III. Procedures**

A process overview flowchart of the procedures described below can be found in section V.

#### **Selection**

##### **1. Select Grantee**

Grantee(s) are selected based on proposals submitted to the business unit and must follow a fair, robust, transparent and impartial selection process. A grant proposal must include a summary of capacity to be strengthened and a proposed set of activities to be undertaken. Submission of applications for grants can either be a) initiated by UNFPA or b) the organization applying for the grant can approach UNFPA on its own initiative. When UNFPA initiates the process, it is recommended to advertise via the most common and easily accessible means of communication (e.g., business unit website; local media, etc.).

The head of unit<sup>8</sup> is responsible for ensuring funds are available and the requested amounts of individual grants do not exceed the \$30,000 threshold *per entity per year*<sup>9</sup> nor the 10% of regular resources unit ceiling for the given year.

In order to be considered for a grant, the proposal must meet the following eligibility criteria:

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<sup>6</sup> Any allegation of wrongdoing in relation to grants must be reported to OAIS who will investigate allegations as it deems fit.

<sup>7</sup> A conflict of interest occurs when, by act or omission, a staff member's personal interests interfere with the performance of his or her official duties and responsibilities or with the integrity, independence and impartiality required by the staff member's status as an international civil servant. When an actual or possible conflict of interest does arise, the conflict shall be disclosed by staff members to their head of office, mitigated by UNFPA, and resolved in favor of the interests of the organization. Staff Rule 1.2(m).

<sup>8</sup> The UNFPA head of unit refers to the representative, division director, regional or subregional director, country director or the chief of operations (or the delegated officer), as appropriate.

<sup>9</sup> The \$30,000 threshold applies to the sum total of grants given across all UNFPA business units to the entity.

Criteria 1: The funds will be used solely for the applicant's own internal capacity building;

Criteria 2: The applicant is a community based not-for-profit or civil society organization;

Criteria 3: The applicant is not currently an implementing partner (IP)<sup>10</sup> with any business unit of UNFPA;

Criteria 4: The applicant has the potential capacity to further UNFPA's mandate and become a future implementing partner for UNFPA;

Criteria 5: The grant request does not exceed the established thresholds \$30,000 *per business unit per year* across the entire UNFPA, and less than 10% of the unit's regular resource ceiling)<sup>11</sup> and the organization has not been given a grant for more than 2 consecutive years;

Criteria 6: The applicant is not on the list of the [Consolidated United Nations Security Council Sanctions List](#);

Criteria 7: If the applicant was previously awarded a grant, its past performance was deemed satisfactory<sup>12</sup>.

Any proposal that does not meet the eligibility criteria will be rejected.

The programme manager<sup>13</sup> is responsible for reviewing all proposals and making a recommendation for selection to the head of unit based upon an entity's potential capacity to further UNFPA's mandate through innovative ideas, new approaches, sustainability, impact, feasibility, ability to reach target audiences, collaboration, cost considerations, financial stewardship and reputation. The programme manager should complete a note to the file documenting the selection process. It is advisable for UNFPA to notify applicants who were not selected.

## 2. Prepare Capacity Building Plan

Once the grantee is selected, the programme manager, in consultation with the grantee, prepares the [Capacity Building Plan](#) to clearly specify how the capacity of the grantee will be strengthened. The Capacity Building Plan must include activities, timeline and budget and must take the following into consideration:

- Acceptable capacity development activities can only include those that strengthen the knowledge, abilities, skills and behaviour of individuals in the existing organization and/or improve institutional structures and processes to enable the organization to efficiently a) meet its mission and goals in a sustainable way and b) have effective management and revenue control.

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<sup>10</sup> Use PIMS "Search Partner" tab to check if the applying organization is currently an IP or already exists as a registered grantee.

<sup>11</sup> Run a Cognos report under *Public Folder/Available Reports/General Ledger Reports* to check that all postings on grant account (72605) on PU0074 per vendor ID across organization did not exceed maximum limit of \$30,000.

<sup>12</sup> Use PIMS "Search Partner" tab to check if the applying organization has been a grantee before and check final report to ensure it achieved its purposes.

<sup>13</sup> Programme Manager is defined as a Programme or project Manager/Officer/or Associate that will work directly with the Grantee

- There must be a strong justification for how building the capacity of the organization helps UNFPA to further its mandate.
- The following activities *are not* considered capacity development activities and therefore are **not eligible** to be funded by a grant: any activities undertaken *on behalf* of UNFPA, workshops held on behalf of UNFPA, research completed, report written and other similar activities with expected deliverables.

### 3. Include Grant activity in UNFPA workplan

Any activities undertaken by the grantee are considered, for programming purposes, UNFPA implementation. Therefore, once a grantee is selected, the business unit must include an activity clearly featuring the name of the grantee in its own UNFPA (PU0074) implemented workplan (e.g., “Grant to CSO XYZ to strengthen capacity in the area of gender based violence”). If, at the time of UNFPA workplan finalization, a grant is planned but the recipient grantee(s) is unknown, then the name of activity should clearly specify that it is for grant purposes (e.g., “Grant to CSOs to strengthen capacity in maternal health”).

## Awarding

### 4. Sign Grant Agreement

Both UNFPA and the grantee must complete and sign the [Grant Agreement](#) (see template in section V) *prior to* the disbursement of funds. The grant agreement includes the detailed capacity building plan.

No funds can be disbursed by finance personnel or spent by the grantee before the Grant Agreement is signed by both parties. The agreement must be signed by a duly authorized official of the grantee and countersigned by the head of unit for UNFPA. Any changes to the agreement template must be made in track changes and cleared via the [Integrated Service Desk](#)<sup>14</sup>. The unit administering the grant must complete a grant amendment if there are any subsequent revisions to either the [Grant Agreement or Capacity Development Plan](#) in the grant activities, budget or duration (including no-cost extensions); ensuring the established thresholds are not exceeded. The grant amendment, and any related documents, must be uploaded in [PIMS](#) using the “edit Grantee” function.

### 5. Register and Upload Grant Agreement in PIMS

Once the Grant Agreement is signed, the programme manager must register the grantee (or update information if it is already registered) and upload the signed Grant Agreement, including the Capacity Building Plan in the [PIMS](#). When uploading the Grant Agreement in PIMS, the programme manager must also complete the PIMS section entitled “Justification for selecting this NGO”.

Registration of grantees through the [Partner Information Management System](#) (PIMS) must follow the below steps:

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<sup>14</sup> For clearance, select the following categories: Programme/Programme Planning and Implementation/Agreements.

Step 1: Prior to entering the registration information in PIMS, the user must utilize the ‘Search Partner’ function to ensure the grantee is not already registered.

- If the Grantee already exists in PIMS, verify the information and update accordingly; enter justification for selection; and upload the relevant documents.
- If the proposed Grantee is an NGO who already exists as an implementing partner, the user must check to see if it is currently an implementing partner with any other unit. If so, it cannot issue a grant to the NGO. If not, the user must click the button indicating the NGO is now also registered as a grantee<sup>15</sup>.
- If the grantee is not yet registered in PIMS follow Step 2.

Step 2: The user enters the Grantee’s information under the ‘Register new IP or Grantee’ tab by selecting NGO under “Legal Status” and then Grantee under “NGO Type” category. It is important to give meaningful names and acronyms to grantees. Once registered, enter justification for selection; and upload the relevant documents.

## 6. Disburse funds

Funds are disbursed to a grantee by financial personnel in a single installment upon signing of the Grant Agreement by both parties *or* according to the date set out in the Grant Agreement.

Grants issued by UNFPA are recorded in Atlas under PU0074 using a non-PO voucher and must be *charged to General Ledger account 72605 “Grants to Institutions and Other Beneficiaries”*.

## **Monitoring**

### 7. Monitor

Management of UNFPA grants must be properly monitored by UNFPA personnel as part of their *regular monitoring* activities. Regular monitoring of grants includes an assessment on how the Capacity Building Plan implementation is progressing compared to what was planned. *Regular monitoring activities* might include an office visit, meeting or conversation on the progress of *Capacity Building Plan* between the UNFPA and the grantee. Any findings, particularly those requiring follow up action (e.g., no-cost Capacity Building Plan revision, no-cost Grant Agreement extension and etc.) must be discussed, agreed upon between the grantee and UNFPA, and filed.

## **Reporting**

### 8. Collect Final Grant Report

The grantee must submit to UNFPA a [final financial and narrative report](#) within 45 days of the expiration of the Grant Agreement. The report should summarize results achieved and activities the grant was used for. It is the responsibility of the UNFPA programme manager to timely collect the report, confirm the activities were completed as planned and confirm funds were used for the intended purposes. The programme manager should consult with the operations personnel to

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<sup>15</sup> Although an entity can be registered as both an IP and a grantee, they cannot be an active IP and grantee at the same time.

review financial reports. The programme manager must upload the final report in [PIMS](#) and ensure that any unspent funds are promptly returned to UNFPA as indicated in Article IV of the Grant Agreement, and credited to the same chart of account where the grant was charged.

#### 9. Certify in PIMS

While uploading the final grant report into [PIMS](#), the UNFPA programme manager provides certification under “Certify that the grant met its objectives” tab by selecting “yes” or “no”.

#### **IV. Other - Audit**

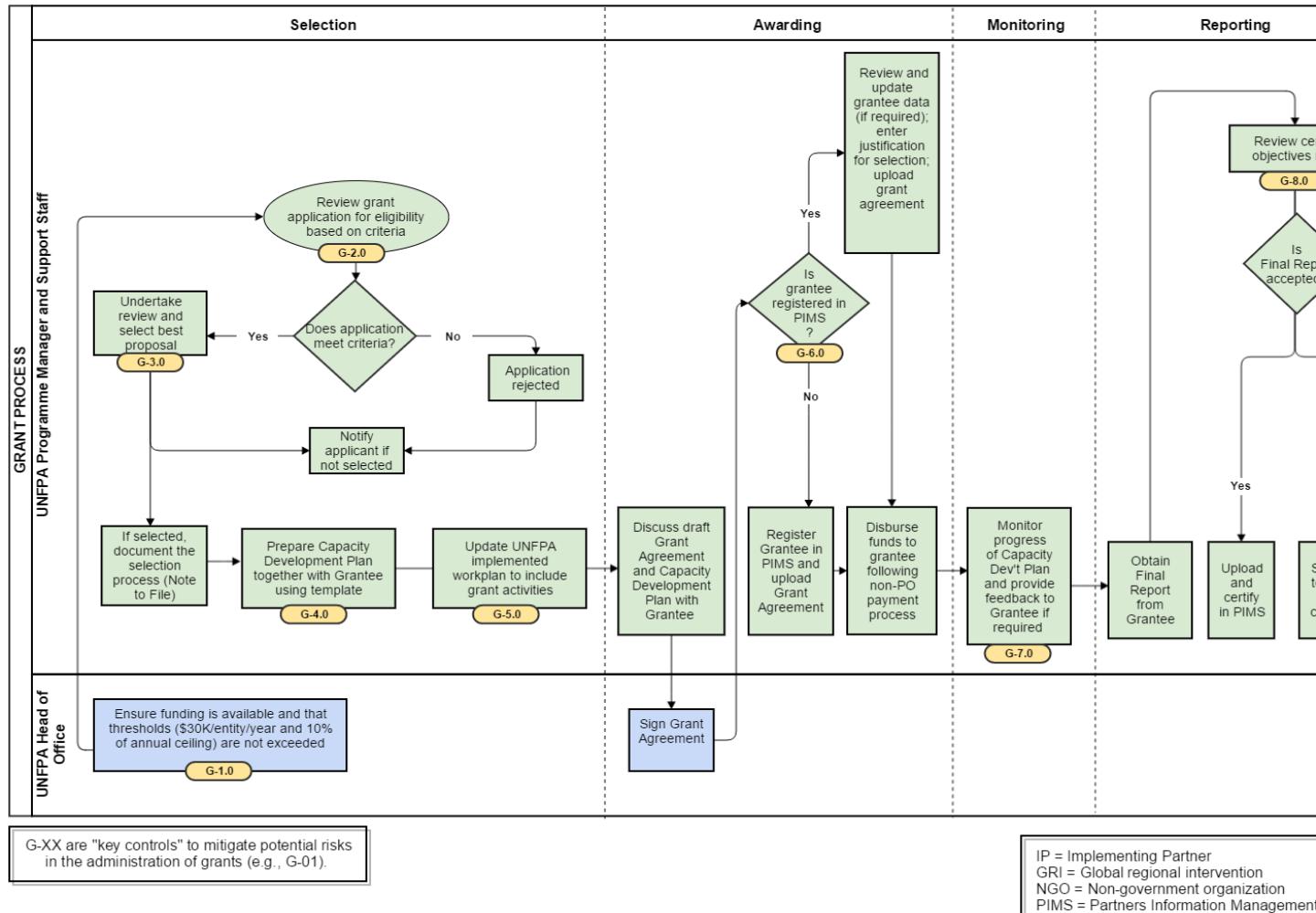
As part of UNFPA programming, the administration of grants is subject to possible audits by OAIS and the Board of Auditors, at their discretion. As such, the unit giving the grant is required to keep a file with reports and supporting documentation on the nature and selection of the grants, and documentation justifying the expenditures and demonstrating they are directly linked to the grant<sup>16</sup>. UNFPA and grantee personnel associated with the grant must be available to cooperate with the auditors, if needed, and any requested documentation must be made available to auditors upon request.

In line with UNFPA policies, any alleged wrong doing in relation to the grant must be reported to OAIS.

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<sup>16</sup> Documents must be kept on file for 5 years.

## V. Process Overview Flowchart



**VI. Risk Control Matrix**

Control #	Risk Description	Control Objective	Control Activity Description	Who performs
G-1.0	UNFPA is exposed to loss of funds greater than acceptable amounts for grants.	No grants exceed the established thresholds.	Head of unit confirms the grant will not exceed \$30,000 and checks to ensure the business unit does not give more than 10% of its regular resources ceiling in grants.	Head of unit
G-2.0	Grant are awarded to organizations who do not meet the eligibility criteria thus not fulfilling the purpose of the grant modality.	All grantees meet the eligibility criteria	All grant proposals are reviewed to ensure they meet the eligibility criteria.	Programme Manager
G-3.0	Funds are issued inappropriately as grants, thus bypassing the programmatic and assurance requirements of the IP modality.	Programme funds are always given using the appropriate partnership modality.	Programme manager reviews proposal to confirm activities are for internal capacity development purposes only with no expected deliverable.	Programme Manager
G-4.0	Grants are used for purposes other than what was intended, resulting in misuse of UNFPA funds.	All approved grantee activities are clearly articulated in a capacity development plan	Grantees and UNFPA complete the capacity development plan	Programme Manager
G-5.0	Grant activities are not clearly identified in a UNFPA workplan resulting in inability to track and monitor use of grant modality.	Grant activity and recipient is clearly identified in the UNFPA workplan	A dedicated activity clearly identifying the grant and organization name (if known) is created in the UNFPA workplan to enable better tracking of use of grants.	Programme Manager
G-6.0	Grant is given to organization who is currently also an IP, thus bypassing regular programmatic and assurance requirements of IP modality.	Partnership status is available and easily verifiable	Partnership status is checked in PIMS	Programme Manager of the business unit
G-7.0	Grantee fails to carry out the planned grant activities leading to a waste of UNFPA funds	Grant results are achieved	Regular monitoring of Capacity Building Plan progress to ensure activities are carried out, and contribute to the intended results, as planned	Programme Manager
G-8.0	Fraudulent and inappropriate use of UNFPA funds	Grantee performance information is easily accessible in a central system.	To ensure UNFPA funds awarded to grantee are used for the purpose intended, the final grantee report is reviewed by programme manager who certifies objectives were met and uploads in PIMS.	Programme Manager