

Policy title	Policy and Procedures for Using Grants as a Funding Modality
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Previous title (if any)	Policy and Procedures for Using Grants as a Funding Modality
Policy objective	The Grant Policy outlines UNFPA's use of the grants modality.
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 Risk Control Matrix
Checklist	Main control activities are outlined in the checklist tool .
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POLICY AND PROCEDURES FOR USING GRANTS AS A FUNDING MODALITY**Table of Contents**

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Grant Policy

I. Purpose

1. This policy outlines the use of grants at UNFPA.
2. A grant is defined as a funding modality for small financial contributions provided to a community based not-for-profit or civil society organization for the sole purpose of building the internal capacity of an organization as part of a UNFPA workplan.

II. Policy

3. This policy outlines UNFPA's use of grants, identifies control actions to mitigate potential risks related to its use and establishes the following:
 - 3.1. Grants are to be used solely for the purpose of building the internal capacity of a community based not-for-profit (CBO)¹ or civil society organization (CSO)², working in one or more areas of UNFPA's mandate, for its own internal capacity development³ purposes only as defined in this policy.
 - 3.2. Grants are a contribution to an organization and are not to be used to undertake any programmatic or operational activity on behalf of UNFPA, nor can there be any workplan or terms of references related to the delivery of work, including for advocacy purposes.
 - 3.3. Grants cannot be issued to governments, international civil society organisations, *established* national or local non-government organizations (NGOs) who have the capacity to be an implementing partner, academic institutions, United Nations agencies or private sector for-profit entities.
 - 3.4. When possible, grantees should be registered in the United Nations Partner Portal (UNPP).
 - 3.5. Grantees cannot be both an implementing partner and a grantee at the same time⁴.
 - 3.6. The following grant thresholds apply:
 - 3.6.1. Grants are limited to US\$30,000 per organization per year. The threshold applies to the organization collectively across *all* UNFPA.

¹A 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.

² 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.

³ 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.

⁴ If a business unit decides to transition the grantee to an implementing partner, the grant agreement must be terminated before an implementing partner agreement is signed. Under no circumstances should an existing implementing partner be given a grant.

- 3.6.2. The total of all grants given by a business unit⁵ is not to exceed 10% of a business unit's allocated annual ceiling for regular resources⁶.
- 3.6.3. An organization cannot be a grantee for more than 2 consecutive years on the basis that UNFPA will only invest in capacity building for up to 2 years, at which time it is expected they will transition to an implementing partner.
4. Grants cannot be issued if the applying organization is on the [Consolidated United Nations Security Council Sanctions List](#) or otherwise excluded from receiving UNFPA funding.
5. An activity clearly identifying grants must be included in the UNFPA results and resource plan (RRP).
6. All activities the grantee will undertake as part of its own capacity development, including the budget, schedule and other details must be clearly stated in the Capacity Development Plan as annex I of the [Grant Agreement](#).
7. If the grantee engages a third party to contribute to its own internal capacity strengthening, 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.
8. 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 policy⁷.
9. 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 interest⁸ and is responsible for ensuring impartiality in selection and decision-making.
10. Selection and administration of a grant must follow the procedures outlined below.

III. Procedures

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

A. Selection

12. 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 capacity strengthening 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

⁵ A business unit is defined as the country or regional office or a headquarter branch or division.

⁶ No such limit is restricted on other resources as they are bound by the conditions of the donor agreement.

⁷ Any allegation of wrongdoing in relation to grants must be reported to OAIS who will investigate allegations as it deems fit.

⁸ 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).

initiative, as long as the ultimate decision to fund the grantee follows a transparent and impartial selection process.

13. 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.).
14. The head of unit⁹ 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*¹⁰ nor the 10% of regular resources unit ceiling for the given year.
15. To be considered for a grant, the proposal must meet the following eligibility criteria:
 - 15.1. Criterion 1: The funds will be used solely for the applicant's own internal capacity building and does not include any activities to be implemented on behalf of the UNFPA.
 - 15.1.1. 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 programmatic, operational and financial management;
 - 15.2. Criterion 2: The applicant is a community based not-for-profit or civil society organization;
 - 15.3. Criterion 3: The applicant is not currently an implementing partner¹¹ with any business unit of UNFPA;
 - 15.4. Criterion 4: The applicant has the potential capacity to further UNFPA's mandate and become a future implementing partner for UNFPA;
 - 15.5. Criterion 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)¹² and the organization has not been given a grant for more than 2 consecutive years;
 - 15.6. Criterion 6: The applicant is not on the list of the [Consolidated United Nations Security Council Sanctions List](#) or otherwise excluded from funding by UNFPA;
 - 15.7. Criterion 7: If the applicant was previously awarded a grant, its past performance was deemed satisfactory¹³.

⁹ 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.

¹⁰ The \$30,000 threshold applies to the sum total of grants given across all UNFPA business units to the entity.

¹¹ Search for the proposed grantee in the UNPP to see if they have an existing profile and if there are any expenditures listed for that partner. If there is no UNPP profile, the programme manager must also check the "read only" [PIMS](#) to see if the entity has a UNFPA grantee code.

¹² Run the relevant ERP report to check that all postings on grant account (72605) under UNFPA implementation per supplier ID across the organization did not exceed the maximum limit of \$30,000.

¹³ Check UNPP to see if the grantee has a profile and check uploaded final report to ensure it achieved its purposes. If the grantee does not have a UNPP profile, the last report on file must be consulted.

16. The person responsible for selecting the partner must reject any proposal that does not meet the eligibility criteria outlined above.
17. The programme manager¹⁴ is responsible for reviewing all eligible 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.
18. 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.

B. Prepare Capacity Building Plan

19. 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:
 - 19.1. 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.
 - 19.2. There must be a strong justification for how building the capacity of the organization helps UNFPA to further its mandate.
 - 19.3. 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.

C. Include Grant activity in UNFPA RRP

20. 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 RRP (e.g., "Grant to CSO XYZ to strengthen capacity in the area of gender based violence").
21. If, at the time of UNFPA RRP 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").

D. Awarding

1. Sign Grant Agreement

22. 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.

¹⁴ Programme Manager is defined as a programme manager/officer/or associate that will work directly with the grantee

23. 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.
24. Any changes to the agreement template must be made in track changes and cleared via the designated UNFPA service desk¹⁵.
25. 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.

2. Upload Grant Agreement

26. Once the Grant Agreement is signed (or amended), the programme manager must upload the signed grant agreement, including the Capacity Building Plan in the UNPP if the partner has a UNPP profile. For those entities who do not meet the UNPP registration criteria, the office must keep the grant agreement on file for up to 5 years and should upload it if/when the grantee creates a UNPP profile.

3. Disburse funds

27. Funds are disbursed to a grantee in a single installment upon signing of the Grant Agreement by both parties *or* according to the date set out in the Grant Agreement.
28. Grants issued by UNFPA are recorded in the designated UNFPA ERP system under PU0074 using a non-PO voucher AP Invoice and must be *expensed immediately under general account 72605 "Grants to Institutions and Other Beneficiaries"*.

E. Monitoring

4. Monitor

29. 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 the Capacity Building Plan between the UNFPA and the grantee.
30. 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.

F. Reporting

5. Collect Final Grant Report

31. 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

¹⁵ For clearance, select the following categories: Partnerships/Grantees/Grant Agreements.

timely collect the report, confirm the activities were completed as planned and confirm funds were used for the intended purposes.

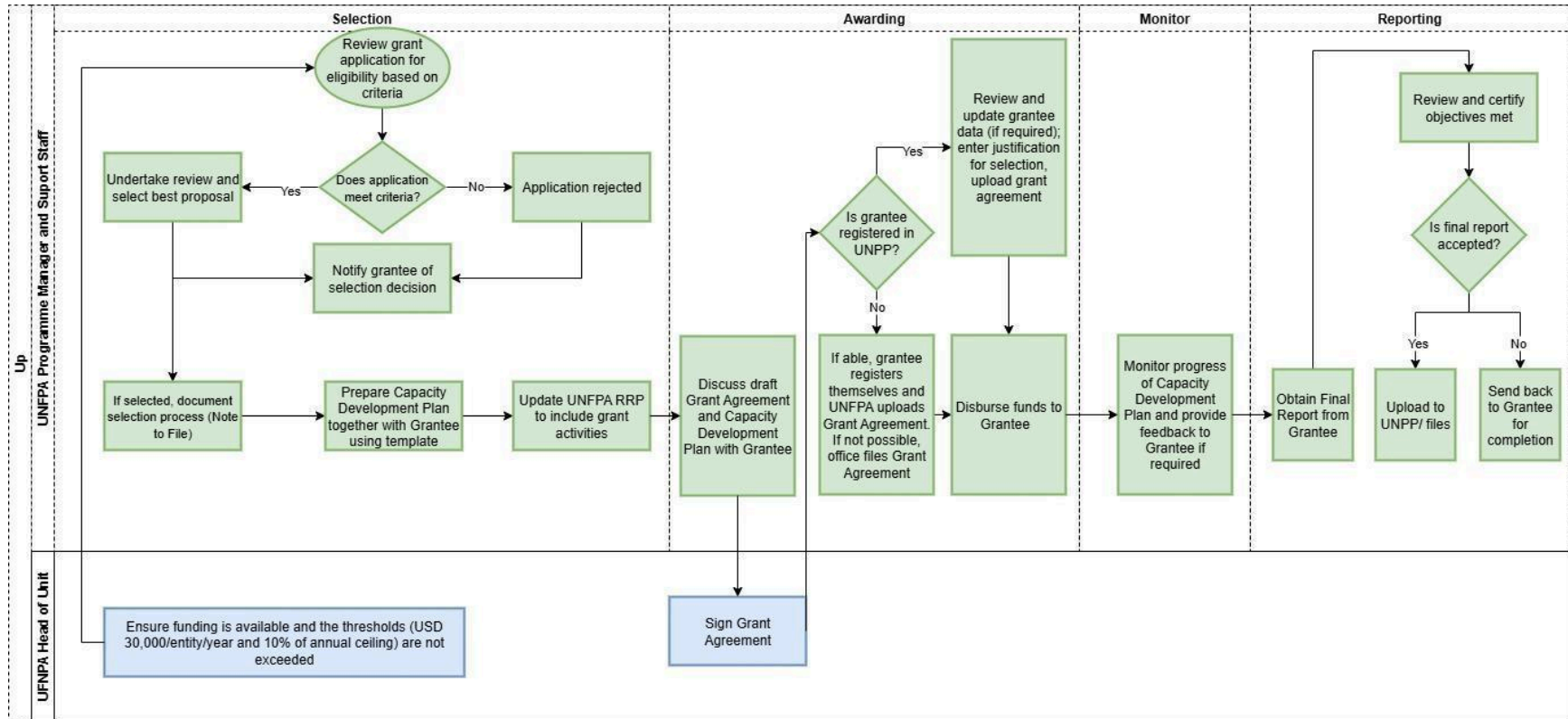
32. The programme manager should consult with the operations personnel to review financial reports to ensure any unspent funds are promptly returned to UNFPA as indicated in Article IV of the Grant Agreement, and credited to the same chart of account where the grant was charged.
33. The programme manager must upload the final report in the UNPP, if the grantee has a UNPP profile, or, for those entities who do not have a UNPP profile, in the business unit's document repository system. Documentation must be kept on file according to the UNFPA retention schedule and must be made available to an auditor, if asked.

IV. Other - Audit

34. As part of UNFPA programming, the administration of grants is subject to possible audits by OAIS and the Board of Auditors, at their discretion.
35. 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 grant¹⁶.
36. 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.
37. In line with UNFPA policies, any alleged wrong doing in relation to the grant must be reported to OAIS.

¹⁶ 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 relevant ERP system	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 UNPP (or kept on file).	Programme Manager