



APRIL 2003 • DIVISION FOR COOPERATION WITH NGO'S

Sida's grants to Swedish
non-governmental organisations

General Conditions



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General Conditions for Swedish non-governmental organisations which receive grants from Sida's appropriations for Development Cooperation through Sida and Cooperation with Central and Eastern Europe.

These General Conditions shall enter into force on April 1, 2003 and shall replace the General Conditions which approved in July 1999.

Sida's grants to Swedish non-governmental organisations are regulated in the following documents:

- Agreements with Swedish non-governmental organisations
- General Conditions for Sida's grants to Swedish non-governmental organisations

In addition Sida's divisions have drawn up divisional guidelines and agreements for support to Swedish non-governmental organisations.

Agreements take precedence over General Conditions.

General Conditions take precedence over Guidelines.

These Conditions were approved by the Director General of Sida on June 22, 1999.

A revision has been done through decision March 25, 2003.

Sida's grants to Swedish non-governmental organisations

0. Definitions

In the context of these conditions, a Swedish non-governmental organisation is a non-profit making voluntary association, registered religious community, cooperative association or foundation, which has a governing body or board and a written, adopted constitution.

1. Application of the Conditions

These General Conditions regulate grants from Sida to Swedish non-governmental organisations, regardless of the appropriation at Sida which is used for the purpose. The Conditions constitute a part of the organisation's agreement with Sida. In addition to these conditions there are guidelines for each appropriation in respect of the content of applications, reports, final reports etc.

2. Applications for grants

Sida's guidelines for the use of appropriations stipulate the content of applications. These guidelines also specify the requirements which shall be fulfilled by the organisation making the application. The application shall contain a description of the recipient organisation, the activity for which a grant is sought, and a budget broken down into sub-items depending on the type of activity. The organisation making the application shall also have fully discharged its obligations under any earlier agreements entered into with Sida. The person authorised to sign on behalf of the organisation shall sign all applications.

3. Approved budget

The budget approved by Sida shall be followed. The organisation shall consult Sida in cases of significant deviations from planned activities.

4. Administration grants

Sida provides grants to cover part of the administrative costs associated with the activity financed by Sida. The administration grants are regulated in each division's specific guidelines or agreements.

5. Agreements

An organisation which channels Sida funds to another non-governmental organisation/partner in cooperation in Sweden or abroad shall enter into an agreement with this organisation before funds approved by Sida can be requisitioned from Sida and disbursed. This condition also applies to any other organisation subsequently in receipt of the funds.

The Swedish organisation shall ensure that applicable sections of these conditions are included in these agreements.

6. Requisition and disbursement of funds

Funds approved shall be disbursed in advance by Sida on receipt of an original requisition, provided that stipulated reports have been received.

A forecast of the use of funds during the project period covered by the requisition shall be attached to each requisition.

The forwarding of funds to a non-government organisation/partner in cooperation in Sweden or abroad shall be made via the Swedish and international banking system in amounts necessary for the activity. Transfers of development cooperation funds in the form of cash are not allowed unless otherwise agreed with Sida.

Approved funds which are not requisitioned prior to the end of the fiscal year for which they were granted will be forfeited unless otherwise agreed with Sida.

7. Administration of funds

Swedish non-governmental organisations shall keep funds granted by Sida in a separate bank account. All payments made by this account shall be signed jointly by at least two persons authorised to do so by the organisation.

The Swedish organisation shall ensure that the recipient organisation in the project country keeps the grant on a bank account.

8. Repayment of funds

All funds disbursed from development cooperation appropriations which are not used for their agreed purpose shall be accounted for and repaid to Sida.

The Swedish non-governmental organisation shall report and repay any interest earned on grants disbursed by Sida.

If the organisation has received an export subsidy or an equivalent grant for the export of food purchased with development cooperation funds, the organisation shall repay an amount corresponding to this subsidy to Sida.

The repayment of funds and interest earned shall be made in connection with submission of the final report on the project. It is not necessary to repay amounts under SEK 500. Amounts that shall be repaid shall be certified by an auditor.

The final recipient organisation in the partner country may retain earned interest. The interest shall be used for the activity supported by Sida. This shall be regulated in the agreement with the recipient organisation in the project country.

9. Results reports and financial accounts

Reports and accounts in respect of grants from Sida's development cooperation appropriations shall be submitted to Sida. Reports and accounts shall be drawn up in accordance with Sida's guidelines and current cooperation agreements.

A Swedish non-government organisation that receives a grant from Sida shall follow generally accepted accounting principles in its accounting. Reports, accounts and other relevant documentation shall remain available to Sida and to government auditors for a period of ten years after the date of the final disbursement.

The Swedish non-governmental organisation shall ensure that the bookkeeping of the recipient organisation in the project country is reliable and complete and that the organisation can use and account for the Swedish grant in accordance with the agreed budget/plan of operations.

Reports and accounts from the recipient organisation in the project country shall be used as a basis for the reports and accounts of the Swedish organisation and shall only be submitted to Sida, or the organisation which channelled Sida's grant to the recipient organisation, when requested.

Sida is entitled to visit, audit and/or evaluate every project financed fully or partly by funds from Sida's development cooperation appropriations. Both visits and audits/evaluations shall be preceded by consultations with the organisation in Sweden that received the grant.

10. Audit

For all Sida's grants there shall be an unbroken chain of reports and associated audit certificates up to and including the final organisation in receipt of the grant.

Reports in respect of framework grants or other grants exceeding SEK 200 000 shall be audited in accordance with Sida's audit instruction 1 (Appendix 1). Reports in respect of grants other than framework grants and which do not exceed SEK 200 000 shall be audited in accordance with Sida's audit instruction 2 (Appendix 1).

All reports that are audited in accordance with Sida's audit instruction 1 shall be examined by a certified auditor. In respect of reports that are audited in accordance with audit instruction 2, Sida can accept that the audit is performed by an auditor elected by the organisation.

The audit instruction in question shall, in appropriate parts, be passed on to the organisation subsequently in receipt of the funds.

An organisation which channels grants to other organisations shall ensure that appropriate audits are performed at all such organisations.

The organisation in receipt of the grant shall submit the following reports to Sida when the audit is performed in accordance with audit instruction 1:

1. Audit certificate in accordance with Sida's audit instruction 1
2. Report from the auditor in respect of the content and scope of the audit and the result of the examination on the organisation's internal controls of audits in organisations subsequently in receipt of the funds.

The organisation in receipt of the grant shall submit the following report to Sida when the audit is performed in accordance with audit instruction 2:

1. Audit certificate in accordance with Sida's audit instruction 2.

11. Procurement regulations

Swedish non-government organisations which purchase goods and services with funds from Sida's development cooperation appropriations shall observe good business practice in their procurement activities. The advantages of competition shall be utilised and tenders and tenderers shall be treated objectively in order to achieve competition on equal terms.

The main rule is that competitive procurements shall be used for all procurements of services with a value exceeding eight basic amounts and for all procurements of goods with a value exceeding two basic amounts.

The procurement regulations in their entirety are available in Appendix 2.

12. Other conditions

In its information activities on a project supported by Sida, an organisation shall indicate, both in Sweden and the partner country, that the project has received support from Sida.

In respect of the production of information material and information activities which are financed wholly and partly by Sida grants, it shall be made explicitly evident, unless there are special reasons to deviate from this rule, that

- the project is taking place with support from Sida;
- Sida has not participated in the design of material or the organisation of activities; and
- Sida has not expressed an opinion on the points of view presented.

An organisation that has received a Sida grant for extensive, major projects is obliged to keep the Swedish embassy in the country concerned continuously informed about these projects. Swedish citizens who are employed by Swedish non-governmental organisations with grants from Sida's development cooperation appropriation shall keep themselves informed of the recommendations and directives of the Swedish embassy where security in the country is concerned.

Appendix 1

Audit instruction 1

This audit instruction refers to the examination of reports that shall be submitted by NGOs with which Sida has signed

- an agreement for a framework grant, or
- an agreement for a grant which exceeds SEK 200 000.

The auditor's report

On completion of the audit, the auditor shall issue an audit certificate to the audited organisation in respect of the organisation's report. The audit certificate shall, without exception, have the following text.

I (we) have audited report for the year which has been submitted by the organisation under its agreement with Sida dated

I (we) have also audited the organisation's internal controls in respect of audits of all organisations subsequently in receipt of Sida funds to which, in accordance with the above agreement, channels grants.

The audit has been performed in accordance with generally accepted auditing standards and in accordance with Sida's audit instruction. The report has been drawn up in accordance with the above-mentioned agreement with Sida. The internal control of audits in all organisations subsequently in receipt of the funds gives no cause for remark.

I (we) propose that Sida approves the report.

The auditor shall also submit a report to the audited organisation in respect of:

- the content and scope of the audit
- the result of the examination of the organisation's internal control in respect of audits of all organisations subsequently in receipt of the funds to which, in accordance with the agreement with Sida, the organisation channels grants. (In the audit of an organisation that channels grants to other organisations)

- significant observations on the activity supported by Sida that the auditor should report to the board of the organisation in accordance with the recommendations on the audit process made by the Swedish Institute of Authorised Public Accountants (FAR).

The scope of the audit

In addition to the audit made by the auditor in accordance with generally accepted auditing standards, the auditor shall make a special examination to ascertain that:

1. the organisation has signed agreements with the organisations to which it channels Sida funds
2. any contribution made by the organisation itself is reported in accordance with the agreement with Sida
3. Sida funds are kept separately on a separate bank account
4. the financial report to Sida is made against the budget approved by Sida and contains explanations for any deviations
5. the organisation has followed Sida's regulations in respect of procurements.

Audit instruction 2

This audit instruction refers to the examination of reports that shall be submitted by NGOs with which Sida has signed an agreement for a grant other than a framework grant and where the grant is less SEK 200 000.

On completion of the audit, the auditor shall issue an audit certificate to the audited organisation in respect of the organisation's report. The audit certificate shall, without exception, have the following text.

I (we) have audited report for the year which has been submitted by the organisation under its agreement with Sida dated

I (we) propose that Sida approves the report.

Appendix 2

Procurement regulations for non-governmental organisations

1. Basic principles for procurements made with Sida funds

All development cooperation activities shall be characterised by efficient use of resources, the promotion of good administrative practices and transparency in the management of funds, and the hindrance of corruption. One way of achieving this is by making cost-efficient procurements. The Public Procurement Act applies to procurements made by Sida itself. It also applies in cases where other parties implement activities directly on behalf of Sida.

The Public Procurement Act is not applicable to Sida's grants to NGOs. On the other hand, NGOs always have the responsibility for procurements made by themselves or by their partners with Sida funds. The basic principle is that, while consideration must be given to making the procurement as economical and appropriate as possible for the organisation and for the organisation that shall receive the good or service, all procurements financed by development cooperation funds shall be characterised by good business practice, competition and objectivity.

This means that NGOs that purchase goods and services with grants from Sida shall observe *good business practice* in their procurements. Where *competition* exists it shall be utilised. Tenders and tenderers shall be treated *objectively* in order to achieve competition on equal terms.

If the Swedish organisation regularly instructs its partners in the partner country to make major procurements, this shall be regulated in agreements with all organisations involved.

2. Basic rules

The rule for direct procurements is that same as that for Sida:

- a) Procurements shall be made in competition for all procurements of *services*¹ with a value exceeding eight basic amounts¹ unless otherwise agreed with Sida.

In addition to this a written price comparison shall be made of all procurements exceeding SEK 50 000.

¹ The basic amount is set each year by the Government. It is based on the consumer price index. It forms the point of departure for index-regulated benefits. In 2003, the consumer price index is 38 600 SEK

- b) Procurements shall be made in competition for all procurements of *goods* with a value exceeding two basic amounts unless otherwise agreed with Sida.

For information on current basic amounts, reference should be made to the website of the National Tax Board, www.rsv.se.

3. Rules for invitations to tender, tender evaluations and decisions on procurements under points a and b above

- Complete and explicit tender documentation in the form of technical specifications/terms of reference and commercial conditions shall be included in invitations to tender. It is important that the specifications are neutral and, where reference to a certain brand or trade name is necessary, "or similar" shall be added.
- In the evaluation of tenders, consideration may only be given to criteria specified in the invitation to tender. The tender that is accepted shall be the one which is considered to be the most advantageous when all the criteria are taken into consideration.
- Tenders may not be invited merely for purposes of comparison. An organisation that is invited to submit a tender shall also expect that it is really being considered as a supplier.
- Invitations to tender shall be sent to at least three parties, or advertised.
- The composition of the group of organisations invited to tender should not remain permanently the same, but should be varied from time to time.
- Where procurements of food are concerned, the tender request should stipulate that tenderers shall declare the extent to which the price refers to export subsidies or similar grants.
- In all procurements made with the aid of tenders, the acceptance of a tender and the reasons for its acceptance shall be specified in a special procurement decision which shall be signed by the person responsible for the procurement.
- The tenderer whose tender has been accepted shall be informed of this in writing as soon as possible and no later than during the period of time when the tender is binding for the tenderer. Tenderers whose tenders have not been accepted shall be informed of this as soon as possible.

It can be considered reasonable that requirements must be adapted to the circumstances that prevail locally and to local legislation in respect of procurements. However, it shall always be the case that procurements are conducted in accordance with good business practice.

4. Exceptions

In exceptional circumstances there may be cases in which the Swedish organisation considers itself obliged to make departures from the rules for competitive procurements. In cases of this type the documentation principle applies, i.e. departures from the rules shall be justified and documented. The documentation shall be in reasonable proportion to the amount in question. When deemed necessary, Sida may examine the documentation.

Examples of general exceptions

- Exceptions may be permitted in cases where the Swedish organisation's share of the total project budget is small and is not clearly discernible.
- A Swedish NGO that acts through an international alliance or network which, in turn, has documented procurement rules can choose to follow the rules established by this party. This shall be regulated through an agreement between the organisation and the party concerned or in a documented approach to procurements by the organisation.

The same applies to cooperation with the EU.

Example of an exception from competitive procurement

- An exception from the rules on competitive procurements may be permitted in an acute disaster project, when a possible additional cost may be weighed against the fact that the good is available for immediate delivery in the country or region concerned.

Examples of exceptions from good business practice

- Restrictions in respect of good business practice can be justified as a result of participation in a trade blockade recommended by the UN.
- Another reason for not accepting the lowest acceptable tender can be in cases in which the tenderer has failed to observe generally accepted trade practices and the engagement of this supplier would damage the organisation's relations with its members and donors.

5. Environmental and legal aspects of procurements

The organisation shall ensure that procurements performed or financed by Sida meet requirements in respect of environmentally sustainable development and give due consideration to the basic human rights as expressed in the ILO's core conventions.

6. Documentation and filing

All relevant documentation pertaining to procurements shall be kept by the NGO and retained on file for a period of ten years from the date the final report is submitted to Sida. Relevant documentation includes, in particular, the invitation to tender, tenders, the tender evaluation record and the decision. It also includes the reasons and decisions that form the basis of any departures made in accordance with paragraph 4 above.

7. Sida's audits and inspections: requirements in respect of documentation

Sida's obligations include following-up and examining procurements for development cooperation purposes which are financed by Sida's appropriations. These types of procurements must therefore be systematic and well documented. Sida has the right to inspect all documentation pertaining to these types of procurements.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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