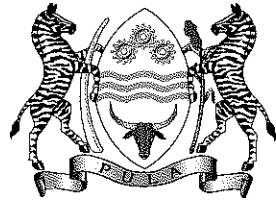


REPUBLIC OF BOTSWANA

The Policy Guidelines for Financial Support to Non - Governmental Organizations

(Revised September 2017)



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FOREWORD

Since the 1990s, Non-Governmental Organisations (NGOs) have been active players in the social and economic development of Botswana. During this period, Government funding of NGO activities and programmes has increased rapidly and is now hundreds of millions of BWP annually.

Government recognizes and appreciates the important role played by civil society organisations (CSOs) in identifying gaps and advising government on key socio-economic issues. Government's desire and commitment to work with NGOs is also in line with Vision 2036, which states that "Civil society organisations will be partners and legitimate actors in the national development process. We will empower and support our civil society organisations to undertake those functions that are complementary to government development efforts. Our civil society will be vibrant, representing the voices of the community, especially the disadvantaged" (Vision 2036, pg 27).

NGOs have demonstrated their ability to reach the vulnerable and disadvantaged sections of the society. They are therefore expected to complement and support the developmental role played by Government Departments and Ministries. Consequently, it has become necessary to have a framework for the relationship between NGOs and Government, under which Government will continue to provide financial support to NGOs.

The Policy Guidelines for Financial Support to Non - Governmental Organisations, therefore, seek to strengthen administrative procedures in order to enhance efficiency and effectiveness of Government's support to NGOs. These guidelines have been revised in light of recent experience in the awarding of grants to NGOs and now include specifically longer-term multi-year grants awarded to NGOs under Memoranda of Agreement. They shall be administered in accordance with all laws of the Republic of Botswana. I hope NGOs and government bodies will find the revised Guidelines useful, and a corner stone for sustainable long-term cooperation with Government.

Solomon M. Sekwakwa
Permanent Secretary
MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

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Acronyms

EC: Evaluation Committee

MINPAC: Ministerial Project Appraisal Committee

NDP: National Development Plan

NGO: Non-Governmental Organization

Definitions

Non-Governmental Organizations: An apolitical legally formed autonomous organization that is involved in the socio-economic development of its constituents, that possesses non-profit status and whose primary motivation is to pursue an identifiable set of interests of public, community and/or group significance as defined in its constitution and/or Deed of Trust (from the NGO Policy, paragraph 2.2)

Government bodies: the Ministries, Departments, Funds, and any other government entity providing public funding to NGOs

Policy Guidelines: Policy Guidelines for financial support to Non-Governmental Organisations

Call for Tenders: Where a government body invites tenders for the provision of a project/service that is clearly defined with explicit specifications. This route allows limited variation in the offers from NGOs

Call for Proposals: Where a government body invites proposals from NGOs for the provision of a project/service that may be less specifically defined. Allows for NGOs to vary their offer in terms of how they will meet the objectives of the project/service to be provided.

BACKGROUND

1. NGOs are active players in the development and growth of the economy along-side Government, the Private Sector and other community-based organizations. NGOs have, through their activities, demonstrated the ability to effectively contribute to the socio-economic development of the country, complementing the action of Government and reaching vulnerable and disadvantaged groups in society.
2. The evolution of Non-Governmental Organisations in Botswana started in the 1900's with the spirit of voluntarism from many of our community members. Contributions of such were seen in the building of schools and hospitals. It was only in the 1960's that some of them were registered in Botswana such as Young Women's Christian Association, Botswana Council of Women, to mention a few. The 1980s/1990s saw the development of most NGOs that was catalysed by support from donor and other development partners (Revised NGO Policy 2012).
3. NGOs have always advocated for and solicited popular participation in the country's development process. It was not until 1996 that the Government formally invited NGOs to participate and make submissions to NDP8. This initiative marked a new era of collaboration and partnership building between the Government and NGOs.
4. Significant amounts of public funding, to the tune of hundreds of millions of BWP annually, are provided to NGOs in grants made by different government bodies, and as such, there is a clear need to ensure that these funds are adequately accounted for and that maximum benefits arise from the awarding of such large sums of public money.
5. These Policy Guidelines for Financial Support to NGOs provide an opportunity for Government to ensure that there is consistency and harmonization, as well as accountability and transparency, in administering public funding to NGOs in a way that maximises the benefits that arise.

SCOPE AND PURPOSE

6. In line with the NGO Policy, NGOs are hereby defined as apolitical, legally registered, autonomous, non-profit organisations involved in socio-economic and sustainable development whose primary motivation is to pursue an identifiable set of interests of public, community and/or group significance.
7. The purpose of the guidelines is to harmonize and strengthen administrative and management procedures to enhance the way Government provides funding to NGOs as

defined above, improving financial accountability and the quality of services provided by NGOs in view of advancing on national development priorities. The Policy Guidelines provide a standard of reference that all government bodies managing financial support to NGOs shall apply. Together with the NGO Policy, the Policy Guidelines are intended to build an enabling environment for NGOs and nurture trust and partnership with Government.

8. The Policy Guidelines are based on the following principles:

- I. Independence of NGOs: The independence of NGOs is recognised and supported. This includes their right within the law to express opinions and advocate to challenge government policy, whatever funding or other relationship may exist with government; and to determine and manage their own affairs;
- II. Goal orientation, earmarking public funding to NGOs to specific national development priorities and policies;
- III. Free and fair competition, providing information and opportunity to all potential applicants;
- IV. Transparency, openness and clear information on all procedures of application, assessment and selection
- V. Equal treatment of applications, based on a set of pre-established objective criteria;
- VI. Accountability, ensuring funding is used in a responsible way to provide high quality services to final beneficiaries and which seeks to ensure that the best use is made of limited financial resources ;
- VII. Proportionality: the procedure for application, the application documents and reporting requirements, oversight and supervision shall be proportionate to the amount of funding provided.

9. The Policy Guidelines provide separate guidance for the awarding of funding to NGOs according to two types of support: **project support** and **longer term service provision under Memoranda of Agreements (MoAs)**. It should be noted that the procedures to be followed are very similar across both types of support, but they are set out separately here in the guidance for ease of reference for those involved in either applying for or providing each type of funding. For each type of support, the Policy Guidelines outline the procedures to be followed across the grant funding cycle and the table below describes the purpose of the procedures at each stage.

| Stage in the Grant Funding Cycle | Purpose of the Guidance |
|---|--|
| Funding Strategy: Project/service identification in line with development policies and strategies | To ensure that the most strategic projects are selected for funding which maximise benefits for beneficiaries and ensure that projects funded are complementary to other ongoing initiatives |
| Soliciting of appropriate tenders/proposals from NGOs (Calls for Proposals) | To ensure that NGOs are fully aware of the priorities for funding and are in a position to identify and develop those projects that best meet needs and fill any potential gaps in public provision |
| Tendering/proposal submission (application) | To facilitate NGOs in submitting quality proposals and tenders in a timely manner and that information contained in applications can be compared across submissions |
| Appraisal process and decision making | To facilitate the timely and efficient selection of projects based on objective and transparent criteria which generates confidence in the process and which results in the selection of highest-value projects |
| Contracting and disbursement of funds | To ensure that implementing arrangements are best suited to the achievement of project/service objectives and that projects/services are implemented in a timely, efficient and accountable manner |
| Monitoring, reporting and Evaluation | To ensure that projects and services are implemented in accordance with quality standards and that funding is adequately accounted for, whilst enabling government bodies and NGOs to proactively manage implementation and learn lessons for the future |

A. PROJECT SUPPORT

10. Project support may be granted for specific development initiatives presented by NGOs, to be implemented within a limited timeframe of no more than three years, within clearly defined Government priority areas. The grant funding cycle for project support is set out in the following diagram, with detailed procedures to be followed being described in the following paragraphs.

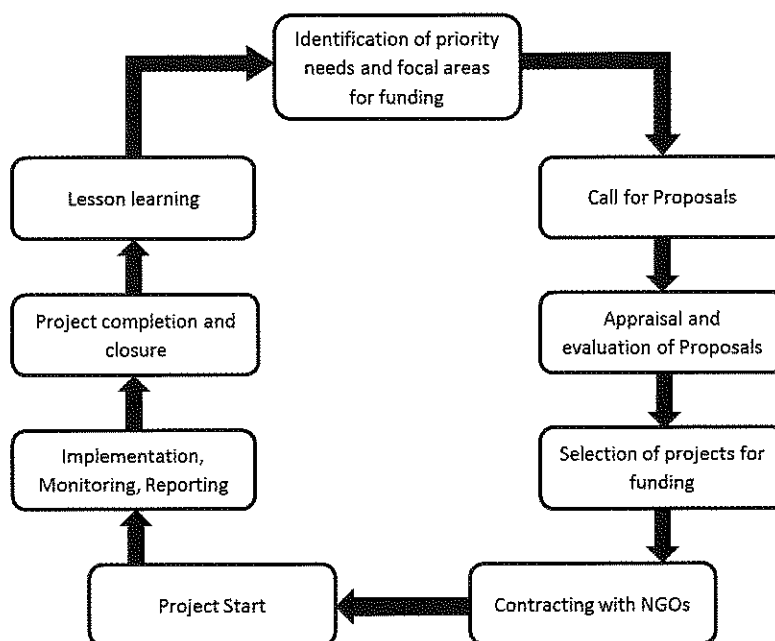


Figure 1: The Grant Funding Cycle for Project Support

A.1. Funding Strategy: Identification of priority areas for funding

11. Government bodies awarding grants will define priority areas for funding in line with relevant national development policies and strategies (e.g. the National Development Plan and National Operational Plans, annual ministry plans etc. which themselves should be formulated through wider policy dialogue with NGOs and other community organisations), and should provide specific and focused instructions in order to provide clear direction for NGOs in terms of what falls within scope and what does not. Without such focus, the funding body is likely to receive a number of unrelated and random proposals resulting in a high proportion of inappropriate or low priority proposals.

12. Government bodies should analyse existing national provision to identify gaps in existing policies, strategies and programmes as well as those areas where NGOs are likely

to have the appropriate capacity and experience to be able to add value. This analysis should provide the basis for the identification of priority areas for funding to NGOs.

13. Identifying which projects should be funded requires making strategic selections of initiatives to be financed and linking funding to a ministry's mandate, policies and overall strategy. Prioritising those services and initiatives that will bring the greatest benefits to beneficiaries implies taking a strategic approach to the use of financial support to NGOs, requiring careful analysis of current government and NGO provision, service gaps and opportunities that will complement other initiatives.

14. Applicants for funding will need to explain how proposed projects will achieve impact, and how they fit with both the government body's strategy and programmes and any local priorities. They should be given the opportunity to discuss how projects might complement strategies prior to submitting applications, for example through public meetings and briefing sessions.

15. The financing of NGOs should be considered in its entirety and take into consideration the entire portfolio of projects to be funded, adopting an approach which considers the mix of projects and services required as well as any sequencing that might be necessary to achieve the greatest impact.

16. Identifying projects which work together and complement each other in a way that can address development challenges more effectively provides an opportunity to make more effective use of development funding. NGO projects that are to be funded within programmes and strategies should be selected, therefore, not only because they are sound projects in themselves, but because with other initiatives, they help contribute to the achievement of focal interests, to programme objectives and ultimately to strategic priorities. Careful selection of focal areas for funding from overall strategies and promoting initiatives which may be able to unlock the potential of others can enable a more strategic and effective use of limited resources.

17. Coordination and inter-linkages between ministries are important to ensure that there is no duplication of funding and that initiatives do not contradict each other. Therefore, NGO funding should be considered in its entirety and information on NGO projects funded should be shared with other ministries and with the NGO Council as a source of consolidated information on the funding of NGOs by government.

A.2. Calls for Proposals

18. Following the identification of focused areas for intervention and where these contribute to broader strategies, funding for project support should be granted through a competitive process based on Calls for Proposals so that the most effective proposals

are identified and funded. A Call for Proposals shall include all necessary information, technical and procedural, in a clear and understandable manner within a set of published Guidelines.

19. The Guidelines for the Call for Proposals (a suggested template to assist government bodies in preparing a Call for Proposals, with example content is provided in Annex II) will need to include the following elements:

- Sector of focus for projects, including reference to relevant national and local policy and strategy documents and how projects are expected to contribute to these;
- Objectives and priority areas for the call;
- Geographic coverage;
- Total amount of funding available for individual projects/services and for the Call as a whole, and period over which the funding can be provided;
- Eligibility Criteria;
- Application procedures and formats (see Annex III);
- Information on where and how to submit the proposal;
- Deadlines for submission of proposals;
- Appraisal and approval processes, including selection criteria, scoring and weighting (if applicable);
- Grievances mechanism and appeals;
- Awarding, contracting and disbursement of funds; and
- Reporting requirements

20. The Call for Proposals shall be published in national media (e.g. TV, radio, newspapers, Government Gazette), the official government website, and any other means of communication to reach all potential applicants, including the provision of details to NGO umbrella organisations for onward transmission to their members and making use of District Level CSO networks

21. The procedure for issuing Calls for Proposals, receipt of applications and selecting NGOs for funding of projects should be administered efficiently and within specified time frames in order to facilitate planning and delivery required both for the government body as well as for NGOs. The recommended timescale¹ for completing the procedures are set out in Figure 2 below.

¹ In the case of Calls for Proposals potentially involving particularly large-scale or complicated projects, these timelines may need to be extended to allow sufficient time for the design of proposals and their appraisal. In any event, timelines should be clearly stated in any Call.

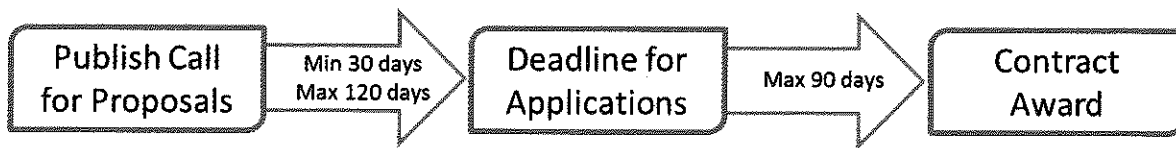


Figure 2: Timescale for selection of Proposals

Eligibility criteria

22. Having established the key strategic areas for funding support for NGOs, it is important to identify the most appropriate organisations to implement projects to achieve the objectives, and this should be done through establishing eligibility criteria designed to target funding on those NGOs with the capacity to make a difference. Eligibility criteria determine which NGOs and proposals will be considered for funding and therefore should be included in Calls for Proposals. The objective of these criteria is to ensure that NGOs awarded grants have the technical and financial capacity required to implement projects as required.

23. In addition to individual NGO applications, proposals from two or more NGOs applying together are also encouraged. Applications from such groups must be supported by all members of the group, for a clearly defined project to be delivered collectively by the group. One lead member should be nominated to have overall accountability for the use of funds and responsibility for reporting to the government body. All NGOs in the group must be listed in the application and together the group must meet all of the eligibility criteria with no NGO being subject to any of the exclusion criteria.

24. Eligibility criteria should be appropriate to the size of funding available and in accordance with its objectives. For example, a government body may wish to develop the NGO sector provision in a certain area and as such may wish to see an expansion of NGOs. This will require assisting smaller NGOs to develop over time and smaller grants may be provided which are targeted at smaller and newer organisations with less experience.

25. Eligibility criteria should comprise the following categories;

Institutional criteria

26. To be eligible to apply for funding support, NGOs:

- Shall be registered with the Registrar of Societies or constituted under the Deeds of Trust in the Deeds Registry of the Attorney General’s Chambers or the relevant authority at the time of application;

- Should be able to demonstrate that they are currently active e.g. through updated confirmation from the Registrar of Societies for the current year
- Shall have adequate governance structures, management and operational systems in place, in line with the provisions of the law;
- Should not be in any of the situations listed under exclusion criteria (see paragraphs 36 and 38).

27. Depending on the purpose of the funding, government bodies may define additional institutional criteria related to the strategic areas being prioritised such as; length of time for which the organization has existed; geographic location; or any other relevant criteria in line with the objectives of the Call for proposals.

Financial criteria

28. Financing under Project Funding is intended to co-finance NGO activities and programmes, supporting NGOs to develop sound and sustainable projects in the national interest through leveraging resources from other sources. Government bodies shall determine the required co-financing from the applicants, as well as the nature of the co-financing (financial and/or in-kind). It is noted that in the case of particularly innovative projects, the ability of NGOs to raise additional resources from other sources may be limited and in such cases, the scale of co-financing may be lower.

29. The government body shall also define:

- Minimum and maximum amounts of funding for each individual project;
- Eligible and ineligible (e.g. land purchases) funding expenses;
- Share of overhead expenses² that can be covered. These will not exceed in any case 20% of total project budget.

30. NGOs should have the financial capacity to manage the size of grant for which they are applying. In order to ensure this, minimum criteria relating to previous project funding or the turnover of the NGO should be established in proportion to the grant applied for.

31. NGOs should be obliged to declare sources of other funding in respect of the project they are applying for. There shall be no funding of the same applicant from two or more different government bodies for the same eligible cost(s) within a project,

² It is recognised that to implement individual projects, NGOs need to dedicate management time and other resources (e.g. offices) that are not dedicated solely to the project being funded. Overheads relate to such costs and should be covered at an agreed percentage of the direct project cost. However, costs related to staff allocated to work part-time in a specific role on a project should be considered as direct costs and apportioned in accordance with the percentage of time spent on the project.

although it may be possible for multiple government bodies to co-fund a single project as long as individual costs are not double funded. Legal action will be taken against any applicant found to be practicing this.

32. Repeat funding to NGOs receiving grants in previous years may be considered where this enables the possibility to build on or complement earlier interventions funded by the government body.

Programme related criteria

33. Government bodies may include additional eligibility criteria based on the objectives of the specific funding support. These criteria may include: Duration, Target groups, Geographic scope, Methodology, Innovations and others.

34. Government bodies should specify the extent of experience in a particular area required of NGOs applying for project funding, for example in terms of the number or scale and nature of similar projects having been implemented in recent years.

35. Government bodies may also, where appropriate, include a list of types of projects or activities that will not be eligible for funding where this assists in clarifying the nature of proposals being requested under the Call.

Exclusion criteria

36. Applicants shall be excluded from participation in grant procedures if:

- (a) They are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) They, or persons having powers of representation, decision making or control over them, have been convicted of an offence concerning their professional conduct by a judgment in a recognized court of Botswana or any other country where they have or are operating, which has the force of *res judicata*; (i.e. a judgment against which no appeal is possible);
- (c) They have been guilty of grave professional misconduct proven by any means which the government body can justify;
- (d) They are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with legal requirements;
- (e) They, or persons having powers of representation, decision-making or control over them, have been the subject of a judgment, which has the force of *res*

judicata for fraud, corruption, involvement in a criminal organization, money laundering or any other illegal activity.

37. Points (b) and (e) do not apply when applicants can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over them who are subject to the judgment referred to in points (b) or (e).

Exclusion criteria applicable during the grant procedures

38. Contracts may not be awarded to applicants who, during the grant award procedures:

- a. Are subject to a conflict of interest e.g. representatives or persons associated with an NGO may not be permitted to appraise applications for grants or serve on committees selecting projects for funding;
- b. Are guilty of misrepresentation in supplying the information required by the government body as a condition of participation in the contract procedure or fail to supply this information when requested;
- c. Find themselves in one of the exclusion situations detailed above for the grant award procedure.

39. Applicants must sign a declaration together with their application, certifying that the entity does not fall into any of the exclusion situations cited under paragraphs 36 and 38. Information on the ownership/management, control and power of representation of the entity and a certification that they do not fall into the relevant exclusion situations must be provided where specifically requested by the government body. This may be the case where there are doubts about the personal situation of representatives of the NGO and in consideration of any legal processes ongoing.

40. In the event that the government body requests further evidence that the applicant does not fall into any of the exclusion situations listed above, as satisfactory evidence that the applicant is not in one of the situations described in:(a), (b) or (e) of paragraph 36, the government body will accept a recent extract from the judicial record or, failing that, a recent equivalent document issued by a judicial or administrative authority showing that the requirements are satisfied. For (d), the contracting authority will accept a recent certificate issued by the competent authority. Where no such document or certificate is issued and for the other exclusion criteria listed in paragraph 36, it may be replaced by a sworn/solemn statement made before a judicial or administrative authority, a notary or a qualified professional body. Whenever one applicant, due to its nature, does not fall into some of the categories above and/or cannot provide the documents indicated above, a simple declaration explaining their situation

will suffice. The documents may be originals or certified copies; however originals must be made available to the government body upon request. The date of issuing of the documents provided must be no later than one year before the date of submission of the funding proposal. Note that, before excluding an applicant from a grant procedure, principles such as the right of defence and proportionality must be considered. To that end, unless the evidence is such that no further investigation is necessary, applicants should be permitted the opportunity, with sufficient time, to provide evidence in support of their claim that they are not subject to the exclusion criteria.

Supporting documents

41. Applicants shall be required to submit information and documentation to support the eligibility and exclusion criteria. These shall include:

- Proof of registration with legally recognized registration bodies in Botswana, including any annual updates issued by the registration body;
- Statutes or other acts of the organization e.g. constitution;
- Governance and organisational structure, including names of Board members and officers and their roles;
- Annual financial records for the past 3 years detailing income and expenditure, audited if required by law;
- Declaration by the applicant, certifying that the applicant doesn't fall within any of the exclusion situations;
- Any other information and/or document to support all eligibility criteria and as may be requested by the government body.

A.3. Appraisal and Evaluation of Proposals

42. Project appraisal and evaluation describes the process whereby the government body considers a project proposal within the context of both its overall technical merit and its strategic value, and should be done for individual projects as well as to compare across all project proposals submitted in the current Call. This provides an opportunity to consider the proposal objectively and hence to address a number of critical questions, including:

- Does the project "fit" with broader policies and strategies of the government body?
- Does the project appear sound in terms of the identification of a clear objective and associated deliverables (outputs) and activities?
- Is the NGO appropriately equipped to carry out the project – based on the organisation's experience, principles, values, priorities and capacity?
- Are the costs of the project reasonable for the expected outcome?

- How much risk is there associated with a project and can it be managed satisfactorily?
- Have beneficiaries been appropriately involved in the identification of the project and will they be committed to its success?
- Have other “stakeholders” been given due consideration?

43. Appraisal should cover technical, financial, economic, social and organisational aspects of the project and should be a formal and mandatory process supporting the principles of transparency and accountability and therefore good governance.

44. Government bodies will support Evaluation Committees (ECs, see paragraph 46 below) in evaluating proposals. The staff of the government body, and any other relevant resource person, shall appraise applications and make recommendations to the EC, providing the results of all necessary assessments and documentation.

45. The appraisal of proposals shall observe the following steps:

- A. Verification of formal requirements set in the Call for Proposal. A specific checklist shall be used to assist in the process (see example provided as Annex V);
- B. Eligibility check, based on the provision of supporting documentation;
- C. Quality assessment of the proposal based on the developed selection criteria. The assessment shall be done using an evaluation grid comprising criteria to assess the quality of the project and its strategic fit (see Annex VI as an example), assigning points on an appropriate scale (e.g. 1 to 10) for each selection criteria;
- D. Grant approval. The EC will review the recommendations from the government body and approve the projects to be awarded the funding;
- E. Due diligence. Prior to any grant contract being signed, a due diligence assessment should be carried out by the government body in order to verify that key organisational measures are in place and that the NGO has the required capacity to implement the project (e.g. financial systems to manage and account for the grant, sufficient numbers of qualified and experienced staff are in place to implement the project etc.).

A.4. Selection of Proposals for Funding

46. Selection of proposals to receive funding shall be the responsibility of an Evaluation Committee (EC). The Accounting Officer, or any delegated officer at least at the level of Director, should chair the EC. Heads of Divisions, Heads of Finance and/or Planning Units as well as relevant Project Officers, and any other officers as may be

deemed necessary by the Accounting Officer, may constitute membership of the EC. Depending on the nature of the proposals that are being evaluated, additional members can be co-opted into the EC, including from NGOs or from the private sector (with the exception of representatives of or government staff associated with those NGOs applying for funding under the current call due to potential conflict of interest).

47. The EC may take the form of a Ministerial Project Appraisal Committee (MINPAC), a Board of a specific Fund (i.e. the National Environment Fund), or any other existing committee, within a government body, set up with the purpose of evaluating proposals for financial support to NGOs.

48. The Conflict of Interest provisions set in the Corruption and Economic Crime Act, Section 31³ apply to all members of the EC, the staff of the government body and any other person involved in the decision of awarding public funding to NGOs. If there is specific evidence that a conflict of interest has influenced a decision to award/reject an application, NGOs can appeal to the Permanent Secretary of the government body concerned.

49. The EC will have the authority to select proposals to be funded, to approve disbursement of funds to successful applicants and to monitor and evaluate project implementation.

50. There shall be a maximum of 90 days between the deadline for submission of proposals and the awarding of funding as indicated in Figure 2, paragraph 21 above.

51. Records detailing the outcomes of the selection process shall be kept on file within the government body for a period of 5 years. The list of successful applicants and the amount of funding awarded to each project shall be made public on the Government website and communicated to the NGO Council.

³ From the Corruption and Economic Crime Act:

"31. Conflict of interest

(1) A member or an employee of a public body is guilty of corruption if he or an immediate member of his family has a direct or indirect interest in any company or undertaking with which such body proposes to deal, or he has a personal interest in any decision which such body is to make, and he, knowingly, fails to disclose the nature of such interest, or votes or participates in the proceedings of such body relating to such dealing or decision.

(2) It is a defence to a charge under this section if the person having an interest has first made in writing to the public body the fullest disclosure of the exact nature of his interest and has been permitted thereafter to take part in the proceedings relating to such dealing or decision.

(3) For the purposes of this section "family" includes a paramour. "

52. Applicants whose proposals have been rejected shall be notified in writing, stating the reasons for the decision, based on the eligibility and/or selection criteria.

A.5. Contracting and disbursement of funds

53. Based on the awarding decision of the EC, contracts with the successful applicants will be drawn up by the government body. The contract shall be signed by both parties within 30 days of the awarding of the financial support. Project implementation should commence in accordance with the schedule provided in the application for funding.

54. Funds will be disbursed to the successful applicants upon the signing of a Contract of Agreement, stipulating the terms and conditions of the funding support (see model contract, Annex I).

55. The successful applicants must open an independent bank account specifically for the project, into which the government body will disburse funds. Only the project funds shall be administered in this account.

56. Funds will be released by the government body as an upfront payment or in instalments according to the schedule set out in the contract agreement.

57. In case of multi-year funding support, funds shall be disbursed to the successful applicants on an annual basis.

58. Contract terms may be modified in case of unforeseen circumstances. In the event that savings are made on specific budget lines, the grant recipient may reallocate such savings of up to 20% of the total project budget in order to strengthen other activities and outputs (subject to the original objectives of the project still being met). However, substantial changes in the contract terms, such as those specified below, will require prior written agreement from both parties:

- Changes to the period of implementation of the activities;
- Changes to the budget, in these two cases:
 - Re-allocation of expenses across budget lines of an amount of more than 20% of the total budget;
 - Increase in the total financial support.

59. Successful applicants shall manage the funding in accordance with the principles of public procurement and asset disposal procedures set by the PPAD Act and

regulations⁴. However, prior written approval may be granted by the government body to implement in accordance with the NGO's own procurement and asset disposal procedures. Such approval should only be given if detailed assessment by the government body concludes that the procedures are robust and in line with project objectives.

60. Government bodies may also consider setting alternative procurement limits where these are warranted such as those indicated below:

Less than BWP 5,000 - Prudent purchasing from known reliable suppliers.

More than BWP 5,000 but less than BWP 50,000 - Obtain 3 quotes and select the most competitive offer.

More than BWP 50,000 - Follow an Open Tender procedure where the request to purchase is widely advertised and suppliers are invited to provide offers in line with the specifications for the item and budget available. The most competitive tender should then be selected.

61. If purchases are demonstrably urgent, the above procedures can be waived, and in the case of monopoly suppliers (i.e. where only one supplier of an item is available), grantees may obtain a quote in advance and submit to the contracting authority to review prior to purchase.

62. The decision regarding which approach is to be applied should be taken by the contracting authority in accordance with needs of the Call for Proposals, the specific needs of the project, the capacity of the grantee and any other aspects deemed of relevance. Copies of the approved procedures should be attached to the grant agreement.

A.6. Monitoring & evaluation, auditing and reporting requirements

63. Monitoring of individual projects is essential to ensure that funds are properly used towards the achievement of the expected outcomes. The government body is responsible for monitoring project implementation and financial accountability. In

⁴ See section 8 of the Public Procurement and Asset Disposal Act: "**Contribution to other entities.**

Contributions by the Government of Botswana in any form to entities such as parastatals, local authorities, private companies, non-governmental bodies, charities and trusts, etc., falling outside of the scope of this Act, which entail procurement activities and the subsequent disposal of the products of such procurement activities, shall be-

(a) Kept discrete and identifiable as far as possible; and

(b) Subject to the applicable procurement or disposal provisions of this Act.

particular, the monitoring of project implementation shall be designed to collect information for the following purposes:

- Monitoring progress towards achieving the objectives of the projects, and the accountable use of financial resources;
- Ensuring wider accountability to the EC, Ministers, Parliament, the public and any other relevant stakeholder.

64. The government body should ensure that narrative as well as financial reports are submitted according to schedule and contain all relevant information and supporting documents.

65. Reporting requirements and timing should depend on the type and scope of the funding support and should be clearly defined in the contract. The level of detail and size of the report should be proportionate to the funds spent on the project.

66. Reporting shall focus on progress towards the expected outputs of the project and outcomes for the target beneficiaries (i.e. what the project has delivered and not just what it has done, and how the lives of target beneficiaries have changed as a result of use made of the project outputs).

67. The government body shall develop templates for narrative and financial reports in line with the objectives and type of support. An example of content to be included in regular monitoring reports is attached as Annex VII.

68. The government body shall approve reports and make subsequent disbursements of funds due to the NGO. The release of funds shall be subject to satisfactory submission of progress reports, both narrative and financial, as well as any supporting documents required and specified in the Grant Agreement. Failure to provide technical and financial reports and/or supporting documentation as prescribed in the agreement shall lead to funding being suspended, or in the most serious cases, contract termination. A reporting schedule shall be agreed between the NGO and the government body and included in the Grant Agreement.

69. The government body should conduct regular monitoring missions to assess progress of the project against objectives as they deem necessary and according to the available resources. Frequent monitoring is recommended particularly at the starting phase and closure phase of the funded project.

70. The government body may decide to outsource monitoring and evaluation of project implementation. In this case, the government body shall enter into a contract with a relevant organization/entity with appropriate capacities for monitoring and evaluation

of projects in the sector. The monitoring and evaluation contract will be awarded on the basis of an open Call for Tenders published in the public media and website of the Government body.

71. When monitoring and evaluation is outsourced, the contracted entity would be required to report to the contracting government body on their findings and make appropriate recommendations in accordance with the terms of their contract.

72. The government body shall have access to financial records of NGOs awarded funding in the case of detected irregularities in reporting.

73. An external auditor shall audit all projects with a budget above BWP 100,000. The government body will make provisions for funding the audit within the grant agreement and may include the cost within the project budget. The auditor should be a recognised independent auditor, registered with Botswana Institute of Chartered Accountants and agreed with the contracting authority/Accounting Officer in the respective Ministry, in advance of the audit being carried out.

74. The Head of Department shall keep a database of information on all projects funded under their jurisdiction. Based on the database, the government body shall publish on the website of the government the following information on successful applicants and update it at least on an annual basis: name of applicant, name of project, purpose of funding (including a brief description of the project), location of project, and amount of funding awarded.

75. The Office of the Auditor General shall undertake a financial audit of the entire grant funding disbursed to NGOs, within the Government body, to verify if all funds disbursed have been accounted for. The Auditor General shall also undertake a performance audit for the same grant fund to verify value for money, particularly to see if the fund strategy and objective is being realised.

76. The government body shall develop systems to regularly evaluate the funding programmes in order to understand the impact, identify lessons and good practices and improve the design of future funding support to NGOs.

77. On an annual basis, the government body should produce detailed financial and technical reports on the financing of NGOs in its entirety in order to track the progress of the overall approach to funding development projects. These reports should be provided to MFED and the NGO Council and published on the government body's website.

B. MULTI-YEAR FUNDING OF NGOS TO PROVIDE GOVERNMENT SERVICES

78. This type of funding support to NGOs involves arrangements where ministries or government funds provide direct funding to an NGO to provide a service (often a statutory, legal requirement for government) on its behalf over a multi-year period. Services provided by NGOs under such arrangements often fill gaps in government service provision, where the appropriate ministry does not have the capacity to deliver the service itself on a national or local scale.

79. Funding is provided to NGOs under Memoranda of Agreements (MoAs) over a number of years, with annual allocations being approved at the department or ministry level in accordance with funds available, bearing in mind other commitments.

80. The steps involved in allocating funds under MoAs to ensure an efficient and effective allocation of resources are broadly similar to those for Project Funding described above and are set out in the following diagram and described in detail below.

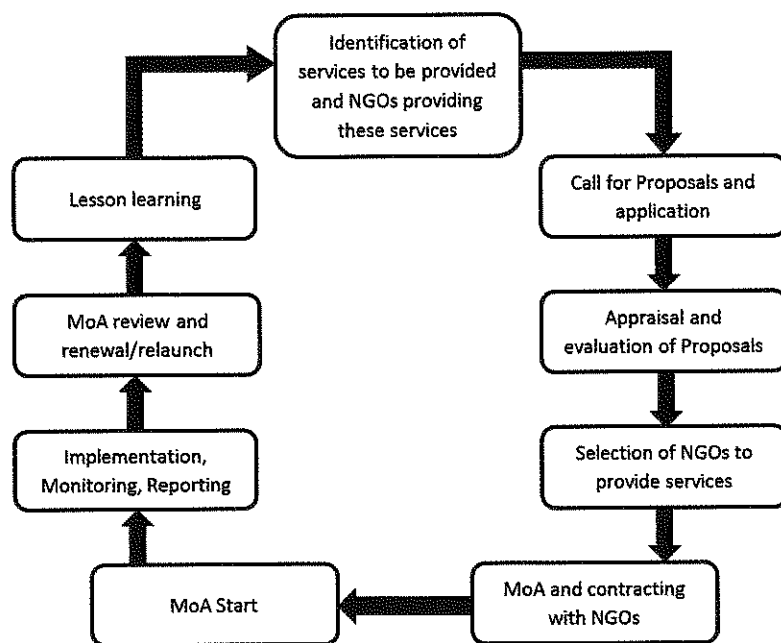


Figure 3: The MoA Funding Cycle

B.1. Identification of services to be provided and NGOs providing services

81. Services to be provided by NGOs under MoAs should be identified by government bodies based on an analysis of gaps in service provision and be in line with established

strategies and programmes of the ministry. They should be in line with relevant national development policies and strategies e.g. the National Development Plan and National Operational Plans, annual ministry plans etc. which themselves should be formulated through wider policy dialogue with NGOs and other community organisations. Government bodies should provide clear specifications for the services to be provided (in terms of their nature, quantity and quality and the capacity required of NGOs). Without such focus, the funding body is likely to receive proposals that do not meet the full range of beneficiaries' needs.

82. Identifying which services should be contracted out to NGOs requires making strategic selections. Prioritising those services that will bring the greatest benefits to beneficiaries implies taking a strategic approach to the use of financial support to NGOs, requiring careful analysis of current government and NGO provision, service gaps and opportunities that will complement other initiatives.

83. Applicants for funding will need to explain how proposed projects will achieve impact, and how they fit with both the government body's strategy and programmes and any local priorities. They should be given the opportunity to discuss how specific services might complement strategies prior to submitting proposals, for example through public meetings and briefing sessions.

84. The financing of NGOs should be considered in its entirety and take into consideration the entire portfolio of services to be funded, adopting an approach which considers the mix of different services required as well as any sequencing that might be necessary to achieve the greatest impact.

85. Identifying services to be funded that complement each other in ways that can address beneficiaries' needs more effectively provides an opportunity to make more effective use of funding. Services that are to be funded through NGOs should be selected, therefore, not only because they are essential services in themselves, but because with other initiatives, they help contribute to meeting beneficiaries' needs as well as to wider objectives and strategic priorities. Careful selection of services to be provided by NGOs which may be able to unlock the potential of others can enable a more strategic and effective use of limited resources.

86. Coordination and inter-linkages between ministries are important to ensure that there is no duplication of funding and that initiatives do not contradict each other. Therefore, NGO funding should be considered in its entirety and information on NGO services/projects funded should be shared with other ministries and with the NGO Council as a source of consolidated information on the funding of NGOs by government.

B.2. Call for Tenders/Proposals and Applications

87. Public procurement of services under MoAs should be based on the following guiding principles:

- Services should be acquired by competition unless there are compelling reasons to the contrary e.g. only one supplier is capable of providing the specific service required
- Procurement of services should be based on value for money

88. Where a new service is requested to be provided by NGOs following a detailed analysis of the government body's strategy, a Call for Tenders or Proposals⁵ should be issued. Calls for Tenders/Proposals ensure transparency of the application process and provide the opportunity to select the best submissions for funding.

89. A Call for Tenders/Proposals should include Guidelines for the Call (see example in Annex II) and include all necessary technical and procedural information in a clear and understandable manner. Calls for Tenders are likely to be more appropriate where specific services are required (in particular for existing services where the government body has specific requirements to continue a similar service) and detailed specifications relating to the nature, scale and quality of the services to be provided should be included in Call. Information to be included should cover the following elements:

- Sector within which the service requested falls and details on relevant national and local policy and strategy documents and where the service fits within these;
- Detailed specifications of the service to be funded, including objectives and intended impacts/outcomes for beneficiaries;
- Geographic coverage;
- Total amount of funding available for the service and period over which the funding will be provided;
- Eligibility Criteria;
- Application procedures and formats (see Annex III);
- Information on where and how to submit the proposal;
- Deadlines for submission of proposals;

⁵ Calls for Tenders should be used where a government body makes a request for the provision of a service that is clearly defined with explicit specifications. This route allows limited variation in the offers from NGOs. Calls for Proposals should be used where a government body invites offers from NGOs for the provision of a service that may be less specifically defined, or where they would consider different or innovative ways to provide a service. This allows for NGOs to vary their offer in terms of how they will meet the objectives of the service to be provided.

- Appraisal and approval processes, including selection criteria, scoring and weighting (if applicable);
- Grievances mechanism and appeals;
- Awarding, contracting and disbursement of funds; and
- Reporting requirements

90. The provision of services under existing MoAs should also be opened up to new organisations on a periodic basis via Calls for Tender/Proposals (see section on Length of Agreements in paragraphs 161 to 167 below) since new NGOs come into existence, new ways of providing services are developed, and other NGOs may be able to provide a better service with greater impacts for beneficiaries and/or greater value for money.

91. The procedure for issuing Calls for Tenders/Proposals, receipt of applications and selecting NGOs for funding of services should be administered efficiently and within specified time frames in order to facilitate planning and delivery required both for the government body as well as for NGOs. The recommended timescale⁶ for completing the procedures are set out in Figure 4 below.

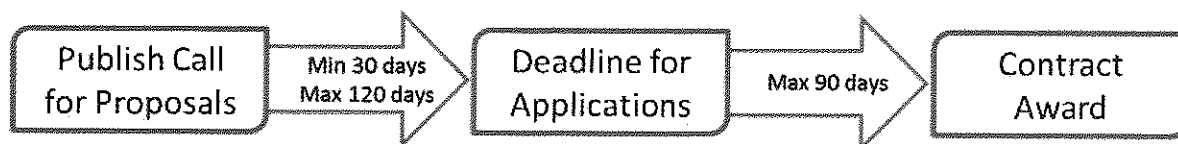


Figure 4: Timescale for selection of Proposals

92. NGOs must have the required technical and financial capacity to provide quality services to beneficiaries and a series of eligibility criteria should be applied when making selections in order to ensure this. These are set out below.

Eligibility Criteria

93. Having defined the service for which funding is to be provided, it is important to identify the most appropriate organisations to implement the service and this should be done through establishing eligibility criteria designed to target funding on those NGOs which are best qualified. Eligibility criteria determine which NGOs and proposals will be considered for funding and therefore should be included in Calls for Tenders/Proposals. The objective of these criteria is to ensure that NGOs awarded grants have the technical and financial capacity required to implement services as required.

⁶ In the case of Calls for Tenders/Proposals potentially involving particularly large-scale or complicated services, these timelines may need to be extended to allow sufficient time for the design of proposals and their appraisal. In any event, timelines should be clearly stated in any Call.

94. In addition to individual NGO applications, tenders/proposals from two or more NGOs applying together are also encouraged. Applications from such groups must be supported by all members of the group, for the service to be delivered collectively by the group. One lead member should be nominated to have overall accountability for the use of funds and responsibility for reporting to the government body. All NGOs in the group must be listed in the application and together the group must meet all of the eligibility criteria with no NGO being subject to any of the exclusion criteria.

95. Eligibility criteria should be appropriate to the size of funding available and in accordance with objectives of the service to be provided and should comprise the following categories;

Institutional criteria

96. To be eligible to apply for funding support for services, NGOs:

- Shall be registered with the Registrar of Societies or constituted under the Deeds of Trust in the Deeds Registry of the Attorney General's Chambers or the relevant authority at the time of application;
- Should be able to demonstrate that they are currently active e.g. through updated confirmation from the Registrar of Societies for the current year
- Shall have adequate governance structures, management and operational systems in place, in line with the provisions of the law;
- Should not be in any of the situations listed under exclusion criteria (see paragraphs 107 and 109).

97. Depending on the service being requested, government bodies may define additional institutional criteria such as; length of time for which the organization has existed; geographic location; or any other relevant criteria in line with the objectives of the Call for Tenders/Proposals.

Financial criteria

98. Financing under MoAs is intended to co-finance NGO activities and programmes, supporting NGOs to develop sound and sustainable services in the national interest through leveraging resources from other sources. Government bodies shall determine the required co-financing from the applicants, as well as the nature of the co-financing (financial and/or in-kind). It is noted that in the case of particularly innovative projects, the ability of NGOs to raise additional resources from other sources may be limited and in such cases, the scale of co-financing may be lower.

99. The government body shall also define:

- Maximum (and minimum where appropriate) amount of funding available for the service to be provided;
- Eligible and ineligible (e.g. land purchases) funding expenses;
- Share of overhead expenses⁷ that can be covered. These should not exceed in any case 20% of total budget.

100. NGOs must have the required financial capacity to provide the services required under a MoA without being totally reliant on funding from the MoA. Due to the fact that funding under MoAs is often higher than that provided for project funding (due to the scope of services required and also because of the multi-year nature of the funding), the capacity of NGOs to manage this higher level of funding will need to be similarly enhanced. Financial eligibility criteria should therefore include:

- Minimum annual turnover limits relative to the value of the service to be provided
- Experience in providing a service of a similar nature for a minimum period and to a similar value

101. It is noted that many of the services provided under MoAs are statutory services that NGOs provide on behalf of government and which government are required to provide by law. Under such circumstances, and as indicated below in paragraphs 136 and 138, NGO contributions may be waived.

102. NGOs should be obliged to declare sources of other funding in respect of the service they are applying for, where applicable. There shall be no funding of the same applicant from two or more different government bodies for the same eligible cost(s) within a service, although it may be possible for multiple government bodies to co-fund a single service as long as individual costs are not double funded. Legal action will be taken against any applicant found to be practicing this.

Service related criteria

103. Government bodies may include additional eligibility criteria based on the objectives of the specific funding support. These criteria may include: Duration, Target groups, Geographic scope, Methodology, Innovations and others.

⁷ It is recognised that to implement specific services, NGOs need to dedicate management time and other resources (e.g. offices) that are not dedicated solely to the service being funded. Overheads relate to such costs and should be covered at an agreed percentage of the direct cost of providing the service. However, costs related to staff allocated to work part-time in a specific role as part of the service should be considered as direct costs and apportioned in accordance with the percentage of time spent providing the service funded.

104. Government bodies should specify the extent of experience in the service area required of NGOs applying for funding, for example in terms of the number or scale and nature of similar services having been provided in recent years.

105. Government bodies may also, where appropriate, include a list of types of services that will not be eligible for funding where a Call for Proposals route is utilised which is more general in nature.

106. Shortlists of pre-approved NGOs with capacity to deliver the specific services required may be developed, with those included in the list being eligible to participate in the Call for Tenders/Proposals. Clear criteria regarding the conditions that must be met and procedures to be followed in order to be included in the approved list should be developed, as well as criteria and processes for removal from such lists. Information explaining the process of how an NGO can be included in any pre-approved lists should be published and made widely available via government websites and regular advertisements in national media.

Exclusion criteria

107. Applicants shall be excluded from participation in grant procedures if:
Any organisation that will be found to have acquired funding through money laundering will not be eligible for government funding or if funding already approved, will be terminated immediately

- (a) They are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) They, or persons having powers of representation, decision making or control over them, have been convicted of an offence concerning their professional conduct by a judgment in a recognized court of Botswana or any other country where they have or are operating, which has the force of *res judicata*; (i.e. a judgment against which no appeal is possible);
- (c) They have been guilty of grave professional misconduct proven by any means which the government body can justify;
- (d) They are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with legal requirements;
- (e) They, or persons having powers of representation, decision-making or control over them, have been the subject of a judgment, which has the force of *res*

judicata for fraud, corruption, involvement in a criminal organization, money laundering or any other illegal activity.

108. Points (b) and (e) do not apply when applicants can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over them who are subject to the judgment referred to in points (b) or (e).

Exclusion criteria applicable during the grant procedures

109. Contracts may not be awarded to applicants who, during the grant award procedures:

- i. Are subject to a conflict of interest e.g. representatives or persons associated with an NGO may not be permitted to appraise applications for grants or serve on committees selecting projects for funding;
- ii. Are guilty of misrepresentation in supplying the information required by the government body as a condition of participation in the contract procedure or fail to supply this information when requested;
- iii. Find themselves in one of the exclusion situations detailed above for the grant award procedure.

110. Applicants must sign a declaration together with their application, certifying that the entity does not fall into any of the exclusion situations cited under paragraphs 109 and 109. Information on the ownership/management, control and power of representation of the entity and a certification that they do not fall into the relevant exclusion situations must be provided where specifically requested by the government body. This may be the case where there are doubts about the personal situation of representatives of the NGO and in consideration of any legal processes ongoing.

111. In the event that the government body requests further evidence that the applicant does not fall into any of the exclusion situations listed above, as satisfactory evidence that the applicant is not in one of the situations described in:(a), (b) or (e) of paragraph 106, the government body will accept a recent extract from the judicial record or, failing that, a recent equivalent document issued by a judicial or administrative authority showing that the requirements are satisfied. For (d), the contracting authority will accept a recent certificate issued by the competent authority. Where no such document or certificate is issued and for the other exclusion criteria listed in paragraph 106, it may be replaced by a sworn/solemn statement made before a judicial or administrative authority, a notary or a qualified professional body. Whenever one applicant, due to its nature, does not fall into some of the categories above and/or cannot provide the documents indicated above, a simple declaration explaining their situation

will suffice. The documents may be originals or certified copies; however originals must be made available to the government body upon request. The date of issuing of the documents provided must be no later than one year before the date of submission of the funding proposal. Note that, before excluding an applicant from a grant procedure, principles such as the right of defence and proportionality must be considered. To that end, unless the evidence is such that no further investigation is necessary, applicants should be permitted the opportunity, with sufficient time, to provide evidence in support of their claim that they are not subject to the exclusion criteria.

Supporting documents

112. Applicants shall be required to submit information and documentation to support the eligibility and exclusion criteria. These shall include:

- Proof of registration with legally recognized registration bodies in Botswana, including any annual updates issued by the registration body;
- Statutes or other acts of the organization e.g. constitution;
- Governance and organisational structure, including names of Board members and officers and their roles;
- Annual financial records for the past 3 years detailing income and expenditure, audited if required by law;
- Declaration by the applicant, certifying that the applicant doesn't fall within any of the exclusion situations;
- Any other information and/or document to support all eligibility criteria and as may be requested by the government body.

B.3. Appraisal Procedure

113. Appraisal and evaluation describes the process whereby the government body considers tenders or proposals within the context of both its overall technical merit and its strategic value. This provides an opportunity to consider the tender/proposal objectively and hence to address a number of critical questions, including:

- Does the project "fit" with broader policies and strategies of the government body?
- Does the tender/proposal appear sound in terms of the identification of a clear objective and associated deliverables (outputs) and activities?
- Is the NGO appropriately equipped to provide the service – based on the organisation's experience, principles, values, priorities and capacity?
- Are the costs indicated in the tender/proposal reasonable for the expected outcomes?

- How much risk is there associated with providing the service and can it be managed satisfactorily?
- Have beneficiaries been appropriately involved in the development of the service proposal and will they be committed to its success?
- Have other “stakeholders” been given due consideration?

114. Appraisal should cover technical, financial, economic, social and organisational aspects of the service to be provided and should be a formal and mandatory process supporting the principles of transparency and accountability and therefore good governance.

115. Government bodies will support Evaluation Committees (ECs, see paragraph 117 below) in evaluating tenders/proposals. The staff of the government body, and any other relevant resource person, shall appraise applications and make recommendations to the EC, providing the results of all necessary assessments and documentation.

116. The appraisal of proposals shall observe the following steps:

- A. Verification of formal requirements set in the Call for Tenders/Proposals. A specific checklist shall be used to assist in the process (see example provided as Annex V);
- B. Eligibility check, based on the provision of supporting documentation;
- C. Quality assessment of the tender/proposal based on the developed selection criteria. The assessment shall be done using an evaluation grid comprising criteria to assess the quality of the service proposal/tender and its strategic fit (see Annex VI as an example), assigning points on an appropriate scale (e.g. 1 to 10) for each selection criteria;
- D. Grant approval. The EC will review the recommendations from the government body and approve the tender/proposal to be awarded the funding;
- E. Due diligence. Prior to any grant contract being signed, a due diligence assessment should be carried out by the government body in order to verify that key organisational measures are in place and that the NGO has the required capacity to implement the service (e.g. financial systems to manage and account for the grant, sufficient numbers of qualified and experienced staff are in place to implement all aspects of the service etc.).

B.4. Selection of Proposals for Funding

117. Selection of tenders/proposals to receive funding shall be the responsibility of an Evaluation Committee (EC). The Accounting Officer, or any delegated officer at least at

the level of Director, should chair the EC. Heads of Divisions, Heads of Finance and/or Planning Units as well as relevant Project Officers, and any other officers as may be deemed necessary by the Accounting Officer, may constitute membership of the EC. Depending on the nature of the proposals that are being evaluated, additional members can be co-opted into the EC, including from NGOs or from the private sector (with the exception of representatives of or government staff associated with those NGOs applying for funding under the current call due to potential conflict of interest).

118. The EC may take the form of a Ministerial Project Appraisal Committee (MINPAC), a Board of a specific Fund, or any other existing committee, within a government body, set up with the purpose of evaluating proposals for financial support to NGOs.

119. The Conflict of Interest provisions set in the Corruption and Economic Crime Act, Section 31⁸ apply to all members of the EC, the staff of the government body and any other person involved in the decision of awarding public funding to NGOs. If there is specific evidence that a conflict of interest has influenced a decision to award/reject an application, NGOs can appeal to the Permanent Secretary of the government body concerned.

120. The EC will have the authority to select proposals to be funded, to approve disbursement of funds to successful applicants and to monitor and evaluate implementation of services.

121. There shall be a maximum of 90 days between the deadline for submission of proposals and the awarding of funding as indicated in Figure 4, paragraph 90 above.

122. Records detailing the outcomes of the selection process shall be kept on file within the government body for a period of 5 years. The list of successful applicants and the amount of funding awarded shall be made public on the Government website and communicated to the NGO Council.

⁸ From the Corruption and Economic Crime Act:

"31. Conflict of interest

(1) A member or an employee of a public body is guilty of corruption if he or an immediate member of his family has a direct or indirect interest in any company or undertaking with which such body proposes to deal, or he has a personal interest in any decision which such body is to make, and he, knowingly, fails to disclose the nature of such interest, or votes or participates in the proceedings of such body relating to such dealing or decision.

(2) It is a defence to a charge under this section if the person having an interest has first made in writing to the public body the fullest disclosure of the exact nature of his interest and has been permitted thereafter to take part in the proceedings relating to such dealing or decision.

(3) For the purposes of this section "family" includes a paramour.

123. Applicants whose proposals have been rejected shall be notified in writing, stating the reasons for the decision, based on the eligibility and/or selection criteria.

B.5. Contracting and disbursement of funds

124. Based on the awarding decision of the EC, contracts with the successful applicants will be drawn up by the government body. The contract shall be signed by both parties within 30 days of the awarding of the financial support. Service implementation should commence in accordance with the schedule provided in the application for funding.

125. Funds will be disbursed to the successful applicants upon the signing of a Contract of Agreement, stipulating the terms and conditions of the funding support (see model contract, Annex I).

126. The successful applicants must open an independent bank account specifically for the grant, into which the government body will disburse funds. Only the grant funds shall be administered in this account.

127. Funds will be released by the government body as an upfront payment or in instalments according to the schedule set out in the contract agreement.

128. In case of multi-year funding support, funds shall be disbursed to the successful applicants on an annual basis.

129. Contract terms may be modified in case of unforeseen circumstances. In the event that savings are made on specific budget lines, the grant recipient may reallocate such savings of up to 20% of the total budget in order to strengthen other activities and outputs (subject to the original objectives of the service still being met). However, substantial changes in the contract terms, such as those specified below, will require prior written agreement from both parties:

- Changes to the period of implementation of the activities;
- Changes to the budget, in these two cases:
 - Re-allocation of expenses across budget lines of an amount of more than 20% of the total budget;
 - Increase in the total financial support.

130. Successful applicants shall manage the funding in accordance with the principles of public procurement and asset disposal procedures set by the PPAD Act and

regulations⁹. However, prior written approval may be granted by the government body to implement in accordance with the NGO's own procurement and asset disposal procedures. Such approval should only be given if detailed assessment by the government body concludes that the procedures are robust and in line with objectives of the service provided.

131. Government bodies may also consider setting alternative procurement limits where these are warranted such as those indicated below:

Less than BWP 5,000 - Prudent purchasing from known reliable suppliers.

More than BWP 5,000 but less than BWP 50,000 - Obtain 3 quotes and select the most competitive offer.

More than BWP 50,000 - Follow an Open Tender procedure where the request to purchase is widely advertised and suppliers are invited to provide offers in line with the specifications for the item and budget available. The most competitive tender should then be selected.

132. If purchases are demonstrably urgent, the above procedures can be waived, and in the case of monopoly suppliers (i.e. where only one supplier of an item is available), grantees may obtain a quote in advance and submit to the contracting authority to review prior to purchase.

133. The decision regarding which approach is to be applied should be taken by the contracting authority in accordance with the specific needs of the project, the capacity of the grantee and any other aspects deemed of relevance. Copies of the approved procedures should be attached to the grant agreement.

134. The contracting and disbursement procedures set out above may be subject to the following exceptions:

- Release of funds shall be subject to the approval of timely submitted and of satisfactory quality progress reports, financial statements of the prior period and

⁹ See section 8 of the Public Procurement and Asset Disposal Act: "**Contribution to other entities.**

Contributions by the Government of Botswana in any form to entities such as parastatals, local authorities, private companies, non-governmental bodies, charities and trusts, etc., falling outside of the scope of this Act, which entail procurement activities and the subsequent disposal of the products of such procurement activities, shall be-

(a) Kept discrete and identifiable as far as possible; and

(b) Subject to the applicable procurement or disposal provisions of this Act.

forecasted budget for the next period or audited financial statements following the end of the previous funding year;

- All assets acquired with the funds received from the Government will be disposed/written off only after mutual agreement with the concerned Accounting Officer.

Eligible Expenses

135. As a general rule, overhead costs (e.g. such as management costs, maintenance of facilities etc.) should be limited to 20% of total project costs. Where these can be clearly justified as part of the service provision under the MoA, the government body may negotiate a higher amount.

136. Where NGOs are implementing statutory services (i.e. those services that government is obliged to provide as a result of legislation), ministries can pay 100% of service costs, including salaries and associated pension contributions, gratuity payments in accordance with labour laws, and medical aid as per employment contracts. However, where staff allocated to work on services under the MoA are also engaged in other activities of the NGO, these costs should be allocated in accordance with the proportion of their time spent providing the service.

137. All eligible costs under the MoA will be agreed in annual budgets drawn up and agreed to by both parties on an annual basis, subject to the overall budget provided for in the MoA.

Funding coverage

138. Statutory service provision – services that a government Ministry is obliged to provide as a result of legislation – may be 100% funded by the Ministry concerned. These services will be outsourced to an NGO by a Government Ministry/ Department and they include provision of services such as education for and/ or rehabilitation of children with disabilities.

Budgeting and Payment of grants

139. A budget for the life of the MoA should be included at the start of the agreement. Subsequently, annual budgeting (which should be zero-based and in accordance with planned activities for the following period) should be carried out each year and fully justified in line with the overall MoA.

140. A payment schedule should be incorporated into the MoA setting out when payments by the government agency will be paid. This will normally be annually at the beginning of the financial year in April.

141. Grant payments under MoAs should be paid in a timely manner in accordance with the payment schedule in order to ensure continuity of service provision. Particularly in relation to statutory service provision, failure to provide funds in a timely manner which subsequently affects the provision of services could constitute a breach of government obligations according to the law.

142. In the event that payments are made late, NGOs should be entitled to receive interest for the period that the payments are late at a rate of a minimum of 8% p.a. for the period that the payment is delayed (subject to the NGO having met all of its obligations).

B.6. Monitoring, review & evaluation, auditing and reporting requirements

143. Monitoring of service provision is essential to ensure that funds are properly used towards the achievement of the expected outcomes. The government body is responsible for monitoring implementation of services and financial accountability. In particular, implementation monitoring shall be designed to collect information for the following purposes:

- Monitoring progress towards achieving the objectives of services, and the accountable use of financial resources;
- Ensuring wider accountability to the EC, Ministers, Parliament, the public and any other relevant stakeholder.

144. The government body should ensure that narrative as well as financial reports are submitted according to schedule and contain all relevant information and supporting documents.

145. Reporting requirements and timing should depend on the type and scope of the funding support and should be clearly defined in the contract. The level of detail and size of the report should be proportionate to the funds spent on the service.

146. Reporting shall focus on progress towards the expected outputs and outcomes for the target beneficiaries (i.e. what benefits the service has delivered and not just activities, and how the lives of target beneficiaries have changed as a result). NGOs reports should capture information during project/service implementation which provides assurance

that activities are being implemented in accordance with quality standards in order to maximise outcomes for beneficiaries.

147. Each MoA should specify in detail both the quantity and quality of services to be delivered at each stage of the MoA. For example, a residential education service being provided for children with disabilities might define the quality of the service in terms of the content of the curriculum to be delivered, the qualifications of teachers delivering lessons, specify arrangements for developing learning objectives and conducting learning assessments. Outcomes for beneficiaries depend on the quality of services delivered under MoAs and monitoring of MoAs should incorporate important quality elements as a result.

148. The government body shall develop templates for narrative and financial reports in line with the objectives and type of support. An example of content to be included in regular monitoring reports is attached as Annex VII.

149. The government body shall approve reports and make subsequent disbursements of funds due to the NGO. The release of funds shall be subject to satisfactory submission of progress reports, both narrative and financial, as well as any supporting documents required and specified in the Grant Agreement. Failure to provide technical and financial reports and/or supporting documentation as prescribed in the agreement shall lead to funding being suspended, or in the most serious cases, contract termination. A reporting schedule shall be agreed between the NGO and the government body and included in the Grant Agreement.

150. Government bodies should carefully review and provide constructive feedback on reports provided by NGOs. If those providing reports do not receive some sort of direct feedback on the information they provide in reports, it is likely that quality of reports will decline.

151. The government body should conduct regular monitoring missions to assess progress of service delivery against objectives as they deem necessary and according to the available resources. Frequent monitoring is recommended particularly at the starting phase and closure phase of the funded service.

152. The government body may decide to outsource monitoring and evaluation of service implementation. In this case, the government body shall enter into a contract with a relevant organization/entity with appropriate capacities for monitoring and evaluation of services in the sector. The monitoring and evaluation contract will be awarded on the basis of an open Call for Tenders published in the public media and website of the Government body.

153. When monitoring and evaluation is outsourced, the contracted entity would be required to report to the contracting government body on their findings and make appropriate recommendations in accordance with the terms of their contract.

154. The government body shall have access to financial records of NGOs awarded funding in the case of detected irregularities in reporting.

155. An external auditor shall audit all MoAs with a budget above BWP 100,000. The government body will make provisions for funding the audit within the grant agreement and may include the cost within the MoA budget. The auditor should be a recognised independent auditor, registered with Botswana Institute of Chartered Accountants and agreed with the contracting authority/Accounting Officer in the respective Ministry, in advance of the audit being carried out.

156. Audited financial statements and management letters must be submitted to the Accounting Officer within six months following the end of the financial year. Funding will be suspended where the successful applicants have failed to produce audited financial statements four months following the end of the financial year;

157. The Head of Department shall keep a database of information on all services funded under their jurisdiction. Based on the database, the government body shall publish on the website of the government the following information on successful NGO applicants and update it at least on an annual basis: name of applicant, name of service provided, purpose of funding (including a brief description of the service provided under the MoA), location(s) of service provision, and amount of funding awarded.

158. The Office of the Auditor General shall undertake a financial audit of the entire grant funding disbursed to NGOs, within the Government body, to verify if all funds disbursed have been accounted for. The Auditor General shall also undertake a performance audit for the same grant fund to verify value for money, particularly to see if the fund strategy and objective is being realised.

159. The government body shall develop systems to regularly evaluate the funding of services in order to understand the impact, identify lessons and good practices and improve the design of future funding support to NGOs.

160. On an annual basis, the government body should produce detailed financial and technical reports on the financing of NGOs in its entirety in order to track the progress of the overall approach to funding services through NGOs. These reports should be provided to MFED and the NGO Council and published on the government body's website.

Length of agreements

161. Security of funding/income is a pre-requisite for NGOs to invest in long-term provision of services. Without it, investment decisions in terms of building up infrastructure, staffing (including staff capacity) and the development of new services will be constrained. Additionally, it is recognised that larger-scale, multi-year projects and services hold the potential to achieve greater impacts for beneficiaries and as such, financing NGOs over longer periods is to be encouraged.

162. In light of the adoption of medium term expenditure planning frameworks across government, MoAs in general can therefore be prepared for a 3 year period. This however, might still be insufficient for an NGO to justify investing significant amounts in infrastructure, and consequently, incorporating provision to extend a MoA for a subsequent 3 year period could be optional where circumstances justify. Any uptake of the second 3 year period by government and the NGO would be dependent on funding availability and performance of the NGO based on quality standards to be determined at the outset of the first 3 year MoA.

163. The diagram below sets out the process for reviewing and extending a MoA.

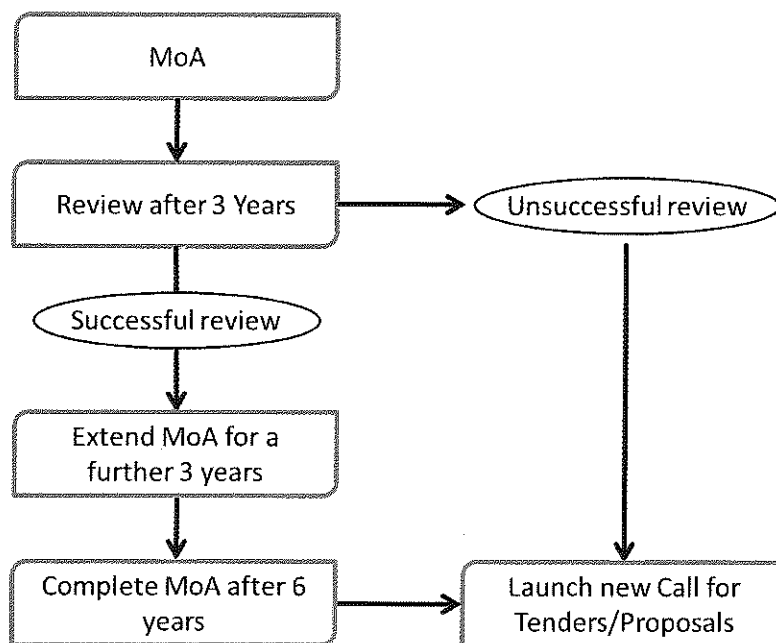


Figure 5: Review of MoAs

164. Some of the key information to be considered when making decisions on whether or not to extend an MoA should include:

- Performance in respect of number of beneficiaries reached under the MoA against the number initially targeted;
- Information included in monitoring reports conducted by the government body in respect of service provision against quality standards (developed at the time or preparing the MoA)
- Feedback from service users regarding the quality of the service provided
- Outcomes for beneficiaries resulting from use of the services provided

165. Performance of NGOs against the terms and conditions of MoAs should be reviewed on an annual basis prior to approval for the subsequent year's planned funding. Such reviews should include robust assessments of performance against quality standards.

166. The MoA as a whole should be reviewed periodically to assess both the performance of the NGO in implementing it, as well as the relevance of the MoA and the service being provided in respect of the government body's overall strategy and priorities.

167. The decision regarding whether or not to proceed with a second 3 year period should be taken in good time in order for agreements to be reached and/or the ministry to have sufficient time to launch a Call for Tenders/Proposals from alternative NGOs.

Lesson Learning

168. Evaluations should be carried out on completion of the MoA in order to learn lessons, assess the impact of the funding on the beneficiaries and contribute to a body of information which can be used to inform policies and future strategy. In addition, information generated should be used to inform the use of NGO funding as a strategy in its own right and to contribute to the future design of financial support to NGOs.

C. MANAGEMENT RESOURCES AND CAPACITY BUILDING

169. Managing grant funds allocated to projects and services successfully requires strong management skills as well as effective technical oversight. It also needs a minimum level of resources to provide sufficient staff time to design, appraise, monitor and evaluate activities.

170. Depending on the nature and scale of individual grants, as well as the overall level of funds allocated to supporting NGOs and the level of effort required to allocate and oversee funding, government bodies should seriously consider allocating dedicated staff

to manage grant programmes. Ensuring sufficient numbers as well as qualifications and experience of staff is essential.

171. It is also important to allocate sufficient resources (financial as well as staffing) to ensure adequate oversight of services being funded through e.g. monitoring visits to sites where services are being provided.

172. Staff duties relating to the management of grant funds should be included in both job descriptions as well as performance assessment systems.

173. Building capacity of both government ministries and NGOs in order to improve the identification of project concepts/development of proposals and management of funding programmes should be incorporated into the long-term planning of ministries and departments. Training plans of appropriate staff should include grant management, monitoring and evaluation.

174. Regular briefing and capacity building activities should be held with NGOs and NGO umbrella organisations in order to assist NGOs to develop quality proposals and implement services to a high standard. In addition, other possible strategies might include encouraging joint submissions of proposals/tenders involving a combination of more and less experienced NGOs, or running training sessions or exchange visits to successful projects nationally or regionally for NGO Board members.

D. COMPLEMENTARY REGULATIONS

175. Complementary regulations may be developed by the government body to regulate aspects of the management of financial support not covered by the Policy Guidelines. Any complementary regulation shall be in line with the principles and provisions of the Policy Guidelines.

E. ACCOUNTABILITY OF KEY PARTIES

176. The accountability of the resources given to NGOs lies with the Accounting Officer in the respective Ministry, in accordance with Public Finance Management (PFM) Act 17 of 2011. Therefore Accounting Officers responsible for providing financing to NGOs using public funds shall ensure implementation of these Guidelines. Ministries/Departments/Special funds shall account for funding provided to NGOs to the Ministry of Finance and Economic Development on an annual basis. On the other hand,

the NGOs shall account for funds received to the Accounting Officer in the respective Ministry.

177. The role of the MFED will be to oversee the implementation of the guidelines and provide advice and assistance to those responsible for the provision of funding to NGOs. MFED will serve as the custodian of the guidelines and will adapt these from time to time in light of experience of their implementation and following consultation with ministries/departments, funds, the NGO Council and NGOs.

178. The NGO Council is responsible for coordinating the implementation of the NGO policy, adopted in 2012, in collaboration with the Parent Ministry and the NGO sector. The NGO Policy requires that it be implemented in line with all other government policies, including these Policy Guidelines for support two non-governmental organisations. Consequently, the NGO Council, as the body with overall responsibility for supporting and monitoring the NGO sector, will play an important role in the oversight of the implementation of these guidelines and provide valuable contributions to their update and revision as required.