

# English Translation of Grant Scheme Rules for Cooperation on Framework Conditions for Private Sector Development in the South

## Chap. 161, Post 70 Business development

These Grant Scheme Rules have been designed in line with Section 6 of «Reglement for økonomistyring i staten» (Rules for state financial management) and Chap. 6 of «Bestemmelser om økonomistyring i staten» (Provisions on state financial management). These Grant Scheme Rules cover Norad's management according to Chapter Post 161.70, and are subordinate to the rules for and provisions on state financial management.

### 1 Objective of the scheme

The objective of the support scheme is to create framework conditions that promote private sector development (PSD) in the South. Particular emphasis is placed on framework conditions for commercial investments and company cooperation, access to energy and framework conditions for trade. Job creation and economic development are subordinate but important objectives for the support scheme.

Some of the indicators of good framework conditions for PSD would be well-functioning and open markets, access to capital, access to skilled workers and technology, infrastructure, standardisation, legal matters, transparency and access to information. The authorities/public sector in a country are key to the foundation for private sector framework conditions by ensuring good governance.

Support will be provided within the political instructions current at the time, in particular those from the annual national budget proposition to Stortinget (the Norwegian parliament), (Prop. 1 S). Support is also contingent on annual allocations over the national budget.

### 2 Target group for the grant scheme

The scheme's target group is institutions and private sector players in developing countries who are important for the framework conditions for PSD, for example foundations, business/industry organisations, chambers of commerce and government authorities/institutions that are in a good position to promote the objectives of the scheme.

Possible grant recipients outside the actual target group may be Norwegian and international organisations, particularly multilateral organisations within the World Bank Group and the UN system, that implement programmes aimed at the scheme's target group. In accordance with a decision in the OECD Development Assistance Committee, support through this scheme is untied to national companies.

### 3 Criteria for achievement of the objective

The application and subsequent reporting to Norad must describe the measure's key activities and products/services («outputs»). An assessment must be made of whether one will be able to achieve / has achieved the objective of the measure («outcome»), any deviation from the planned outputs and outcomes, risk handling in the project period and the sustainability of the measure, as well as lessons learnt from the measure. It must as far as possible be established as probable that the funds are resulting / have resulted in the desired impact on society, in line with the overall objectives of the scheme. Special reporting criteria will be specified in the agreement between the grant recipient of aid and Norad.



## 4 Award criteria

Support is provided for the funding of measures that improve the framework conditions for PSD in developing countries. For such support to be awarded, the programme will normally have to be in line with the recipient country's own development plans and/or it must be the result of a direct request from the authorities in the recipient country. In some cases, grants may be awarded for projects that are not land/region-specific, but that seem particularly likely to achieve the objectives of the scheme. The criteria for achievement of the objective weigh heavily in the assessment of each support measure.

Measures in the least developed countries (LDC), countries in Sub-Saharan Africa and long-term cooperation countries for Norwegian Official Development Assistance (ODA), are given priority. In addition to the geographic prioritisations in the scheme, the measure also needs to take place in an ODA-approved country with a gross national income per capita lower than the World Bank's ceiling for providing loans on particularly favourable conditions, currently USD 7035.

The grant recipient must have ethical guidelines for its development activity.

## 5 Information to potential grant recipients

The grant scheme is published on Norad's website ([www.norad.no](http://www.norad.no)).

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## 6 Follow-up and control

### *Applications*

Applications should be submitted to Norad at [postmottak@norad.no](mailto:postmottak@norad.no) or through the postal service to Norad, Section for Private Sector Development, P.O. Box 8034 Dep., NO-0030 Oslo, Norway. The application form (S52) is available below the announcement text on Norad's website and should normally be used in the addition to any project documents.

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Applications are processed continuously. The applicant will be informed in writing when the application has been received and when a decision has been made. Norad's decision may be appealed to the Ministry of Foreign Affairs pursuant to the provision in Chapter VI of the Public Administration Act. Any appeal must be presented to Norad in writing within three weeks from the date the information of Norad's decision was received. The applicant is entitled to see the documents in the case, pursuant to Sections 18-19 of the Public Administration Act. Reasons for the appeal must be provided.

The applicant must be able to identify any risks associated with realisation of the objectives for the programme, and assess what countermeasures should be implemented or what type of risk is acceptable.

### *Appraisal:*

For project and programme support where the agreed amount exceeds NOK 15 million, there will be an advance appraisal of the application/programme document. This might also be done for grants of a smaller size, and the appraisal will be conducted on the basis of the programme's risk and significance. An appraisal may be carried out by Norad or through the utilization of external resources if appropriate. Conclusions and recommendations from the appraisal will be considered in the decision documentation.

For project and programme support where the agreed amount exceeds NOK 50 million, there will be a more comprehensive appraisal of the application/programme document based on the Terms of Reference (ToR), and one will consider including external consultants in the team that conducts the advance appraisal. Conclusions and recommendations will be considered in the decision documentation.

### *Follow-up:*



Supported programmes under this scheme will primarily be managed according to the Ministry of Foreign Affairs' Norad's Management Regime I « Project and Programme Support» <sup>1</sup>. If appropriate, grants are managed according to Management Regime III «Small Scale Grants». The choice of management regime will be made based on an assessment of the significance and risks of each programme.

The need to follow up each measure, for example the content and frequency of the reporting, the need for annual meetings, etc., will be considered in the decision documentation and integrated in the agreement. Considerations of how close the follow-up should be will be based on and reflect the significance and risks of each programme.

The grant recipient commits to report concerning the objectives and associated activities that have been stipulated in the agreement with Norad, see Item 3 Criteria for achievement of the objective. The report must be so designed that it can be compared with information in the application and the signed agreement, and it must contain a brief summary of the measure, including key outcomes and activities. Any deviation from the application must be commented on. If relevant, the measure's impact on the environment, climate and gender equality must be described in brief. Terms and conditions for disbursement of the grant will be integrated in the agreement, including requirement concerning auditing of accounts.

#### *Notification of suspicion of financial irregularities:*

Norad practises zero tolerance for corruption. This means that the grant recipient has a duty to organise the activity in such a manner that it efficiently combats corruption, misuse of money and irregularities throughout the organisational chain right down to the end user.

Any suspicion of corruption or some other misuse of money in a project financed under these Grant Scheme Rules, will normally lead to an immediate halt in the planned disbursements until the matter has been sorted out. Where misuse of money has been documented, repayment of such money will be demanded.

If financial irregularities are suspected, the Notification Team (Varslingsteamet) in Norad must be alerted in line with «Norad's guidelines for dealing with suspicion of financial irregularities », valid from 25 January 2011). Norad has established a so-called "Whistleblowing Channel" where one can also provide information anonymously, in accordance with the procedures describes on Norad's web pages:  
<http://www.norad.no/en/about-norad/whistleblowing>.

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#### *Public information*

All documents that are relevant for the processing of the case, the application, decision document, agreements, reports, etc., will be recorded and are available to the public pursuant to the Freedom of Information Act.

## **7 Evaluation**

Evaluations will be conducted as necessary for parts of or all of the scheme or for more general topics/objectives/countries that cover several grant schemes.

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<sup>1</sup> The management regimes are described in «Om å forvalte tilskudd selv» (Managing aid yourself), a handbook on aid management developed for the Diplomatic Service.