

# Guidelines for Grant Applications

**Content:** Grant Application  
Procedures and Process

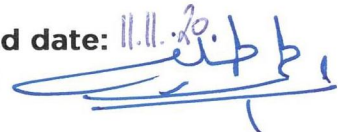
**Applicable to:** Grant Applications  
Submitted by Eligible Partners

**Sponsor:** SPESD-GTA

**Cleared by and date:**  
RPRC Chairman

*16.11.202*

**Approved by and date:**  
Director-General

*11.11.20*  


**Next Review:** Two years from  
approval date

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# The OPEC Fund for International Development

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# GUIDELINES FOR GRANT APPLICATION

## SECTION I: PURPOSE

1. OPEC Fund's mandate is to provide financial assistance to developing countries, particularly low-income countries, in support of their economic and social development efforts. This assistance includes sovereign loans, private sector and trade finance as well as grants. In this regard, since inception, the OPEC Fund has extended grants in support of technical assistance and capacity building activities as well as special development initiatives aimed at building public goods and addressing the needs of disadvantaged populations in its partner countries, especially least developed countries. In addition, the OPEC Fund has provided emergency aid grants in support of victims of all kind of crises.
2. Following a comprehensive review which was completed in June 2020, the OPEC Fund has revised the objectives, focus and scope of its Grant Program to ensure better alignment with its new strategic goals and current priorities.
3. In view of the above-mentioned changes, the OPEC Fund has developed these Guidelines outlining the revised eligibility criteria for its grant financing and modalities for submission of grant applications.

## SECTION II APPLICATION

The procedures and processes outlined in these Guidelines apply to any grant activity or project sponsored or designed by eligible OPEC Fund partners.

## SECTION III: DEFINITIONS

Words and phrases used in these Guidelines for External Grant Applicants shall have the meanings ascribed to them below:

LDCs	Least Developed Countries
NGOs	Non-governmental Organization
SIDS	Small Island Development States
UN	United Nations

## SECTION IV: GRANT ELIGIBILITY

### IV.1 General Principles

All grant applications should meet the following general principles:

- (i) The requested grant should support initiatives and activities that present a clear and measurable development impact;
- (ii) The objectives of the proposed grant activities and projects/programs should be clearly aligned with the OPEC Fund's strategic goals and priorities. Therefore, for country-specific grants, the OPEC Fund will prioritize project proposals and activities that are clearly linked to, could complement or support its existing operations in the country concerned.
- (iii) The proposed interventions and activities should be delivered in a cost-effective manner.

### IV.2 Types of Grants

1. Under its grant program, OPEC Fund could extend three types of grants:

(i) **Grants for country-specific activities and projects:**

This type of grant could cover any of the following activities:

- Technical assistance grants for project preparation, including pre-feasibility and feasibility studies, and final design of projects where there is potential for OPEC Fund's participation;
- Grant components of a larger project and program financed by the OPEC Fund through its public sector (sovereign loans) and/or private sector and trade finance facilities;
- Institutional capacity building of relevant government agencies of partner countries (training of staff in project design, preparation, monitoring and evaluation) with the aim of facilitating the implementation of OPEC Fund operations and helping these agencies better prepare future projects;
- Stand-alone projects or activities that are not directly linked to a specific OPEC Fund project.

(ii) **Grants for special development initiatives of global or regional scope:**



This type of grant supports selected initiatives and programs aimed at addressing development challenges faced by OPEC Fund's partner countries and which require a high level of cross-border cooperation.

- (iii) **Emergency aid grants:** OPEC Fund provides this type of grant in support of humanitarian relief operations, including material or logistical assistance delivered for humanitarian purposes. This aid also supports interventions aimed at rehabilitating basic infrastructure and restoring access to basic services in partner countries in the aftermath of conflicts or natural disasters.
2. For all types of grants, and with the exception of emergency aid grants and grants in support of projects sponsored by other Development Finance Institutions or UN agencies, proposed activities and projects may be undertaken only where there is clear evidence of government commitment to the activity and the project concerned and, alignment with OPEC Fund's priorities. Furthermore, project proponents or sponsors are required to submit a grant application (details in section 2).

#### IV.3 Country Eligibility

1. In line with the Agreement establishing the OPEC Fund, developing countries other than OPEC Member Countries are eligible for OPEC Fund's grant assistance, with special consideration to the needs of LDCs.
2. While the main criteria for extending a grant will be the developmental impact of the activity or project concerned, for country-specific grants, particularly those linked to OPEC Fund's sovereign operations, other criteria will be also considered. These include countries' capacities as well as special circumstances. In this regard, and in recognition of their special circumstances and specific development challenges, the OPEC Fund will extend grants in support of selected initiatives targeting small island development states (SIDS), and conflict-affected and fragile states, especially SIDS that are also categorized by the United Nations as LDCs.
3. Finally, while there is no country-based allocation of grants, the OPEC Fund aims at ensuring a balanced geographical distribution of its grant resources among eligible partner countries.

#### IV.4 Priority Sectors and Areas

While the OPEC Fund has financed projects in agriculture, energy, health, transportation and water and sanitation sectors, it aims to be a demand-driven organization responsive to the needs of its partner countries. In addition, and as noted earlier, it provides emergency aid assistance and supports selected regional and global initiatives, especially those addressing priority issues in the sustainable development agenda.

#### IV.5 Eligible Partners

1. Eligible partners are any government or non-government entity, including co-financing partners, private sector entities, research entities, UN agencies and international NGOs.

All grantees, should meet the following eligibility criteria:

- (i) Provide evidence of currently valid legal registration under the laws of the country in which they operate, as well as evidence of a certificate to do business in the country in which they intend to carry out the relevant activity, if different from the place of legal registration.
  - (ii) Have a good track record in the implementation of OPEC Fund projects and activities, and in the case of new partners, a good track record in executing/implementing similar donor Funded projects in the targeted region and country;
  - (iii) Have proven technical expertise in the area/sector covered;
  - (iv) Have appropriate organizational and management capacity, and show the existence of a sound financial system, including clear accounting and budgeting standards, audited financial statements that are audited by a registered auditor, a transparent budgeting process, and other indicators that confirm their capacity to assume fiduciary (supervision and implementation) responsibility for OPEC Fund.
2. When a non-government entity is applying for a grant, it should provide clear evidence (e.g. a letter from the relevant government authority) of government approval of the proposed project/activity, and commitment to support it. In

the case of regional projects, project proponents should provide evidence of approval from all governments concerned.

3. For first time grant applicants, a support/recommendation letter from another donor/sponsor is also required.

#### IV.6 Eligible activities and expenditures

1. Eligible activities for grant financing include:
  - (i) Institutional capacity building and technical assistance;
  - (ii) Knowledge production (sector and thematic studies) and dissemination in OPEC Fund priority sectors;
  - (iii) ,Project preparation;
  - (iv) Grant components of larger OPEC Fund Funded projects (e.g. training, procurement of small equipment, initial stock of medicine for a hospital, or textbooks for a school, and small infrastructure);
  - (v) Advocacy/outreach activities.
2. Other eligible activities include stand-alone activities and projects that are not directly linked to OPEC Fund operations, such as thematic studies, private sector development initiatives, and innovative projects aimed at promoting new business models and development approaches with the potential to be scaled-up and subsequently supported through the Fund's other financing facilities, humanitarian aid and special (global/regional) development initiatives.
3. Eligible expenditures include the reasonable cost of goods, works and services required for the implementation of the proposed grant activity or project, and that the OPEC Fund grant will finance in accordance with the conditions set in the relevant Grant Agreement.
4. **Direct Costs** could include:
  - (i) *Consulting services*: expenditures related to studies, training, technical assistance for project design and preparation, as well as other services provided by international and local consultants, i.e. travel, accommodation and subsistence cost. These services should be procured in accordance with OPEC Fund's procurement guidelines.



- (ii) *Research and study costs* that directly contribute to the outputs of the project;
- (iii) *Costs of workshops and seminars* sponsored by the OPEC Fund, including travel and lodging expenses of participants and trainers or facilitators, and training materials acquired for this purpose;
- (iv) *Training, including development of training materials*;
  - i) *Civil works* noting that grant financing is not aimed to finance large infrastructure projects but could cover only small rehabilitation or construction works;
  - ii) *Any equipment*, excluding vehicles, deemed necessary for project implementation and completion. This could cover purchase and installation of machines and computers and office furniture;
  - iii) *Initial stock of supplies* for social infrastructure project (e.g. medicine for a hospital, or textbooks for a school) financed by OPEC Fund;
  - iv) *Any other project-related expenditure*;
  - v) *Operation costs*: running costs directly and clearly attributable to the project, such as incremental office rental costs and utilities;
  - vi) *Salaries and allowances*: salaries and allowances of personnel employed by the institution receiving the grant if directly and fully assigned to the project (i.e. project management and supervision) and provided that these costs be shared on pro-rata basis among all co-financiers and the grant recipient organization. Where part time staff are used, the full time equivalent of the salary should be indicated.





vii) *Cost of independent auditing of grant funded activities and projects.*

5. Other eligible expenditures include indirect costs such as program support cost other than direct project management costs, also referred to as overheads, that are associated with the organizational structure of the grant recipient organization and services that it will need to provide in order to support the implementation of the proposed project. Examples of indirect costs include corporate executive management; country office, regional or corporate management; corporate accounting and financial management staff; internal audit function at headquarters and unit level; institutional legal support; and, corporate human resources management.
6. While the OPEC Fund recognizes that the share of indirect costs in total project cost could vary from project to project, they should be well justified and shared evenly among all co-financiers and the grant recipient organization. These costs should also remain within a reasonable limit. In addition, the budget provided in the grant application should clearly distinguish indirect from direct costs. The review of grant proposals will pay particular attention to these aspects.

#### **IV.7 Grant Amount and Co-financing Requirements**

The amount of OPEC Fund contribution will vary according to the scope and the nature of the proposed grant activity or project. However, and with the exception of emergency aid and small grants in amounts of up to US\$100,000, OPEC Fund's contribution to a stand-alone project should not exceed 50% of the total cost of the said project. This contribution should also be matched by an at least equal amount of grant financing provided by the project sponsor and/or other co-financiers. The co-financing should be either confirmed or available before final approval of the requested grant by the relevant OPEC Fund authority.



### V.1 Grant Application Modalities

1. Grant applications could be submitted on ad-hoc basis at any time. However, partner organizations are encouraged not to submit more than one application a year. Additionally, those partners that have been recently awarded a grant from the OPEC Fund for a similar project in the same country should wait until the project concerned has been satisfactorily completed before submitting a new grant application. It is worth recalling here that the track-record of grant applicants with the OPEC Fund is an important criteria in the assessment of grant proposals.
2. For activities such as studies and capacity building in priority areas, the OPEC Fund may also organize calls for proposals through which partner institutions are invited to bid and implement these activities based on pre-defined terms of reference.
3. With respect to public sector operations, for activities such as technical assistance, project preparation and grant-components of larger OPEC Fund financed projects, partner countries should apply for a grant through the relevant government agency (e.g. Ministry of Finance) and submit the grant application along with the loan-financing request for the project concerned.

### V.2 Formulation of Grant Proposals

In order to facilitate the screening of grant applications against eligibility criteria, grant applicants are required to submit project proposals using OPEC Fund [Grant Application Form](#) . The latter includes a clear description of project objectives and the project scope, main justifications, main expected results/deliverables, a detailed activity based budget and financing plan, as well as detailed information on the proposed project implementation, monitoring and supervision arrangements. In this regard, when more than one organization is involved in project implementation, the proposal should clearly describe the roles and responsibilities of each implementing partner. It should also provide information on any envisioned procurement activity. Finally, grant applications should be submitted along with a number of documents listed in Annex.



### V.3 Processing of Grant Applications

1. Upon receipt of a grant application, the OPEC Fund will send an acknowledgement to the grant applicant within two weeks, and screen the proposal against the aforementioned eligibility criteria. In this regard, only those requests meeting these requirements are subject to a more detailed internal review and assessment, noting that, with the exception of small grants and emergency aid grants, all grant applications are processed and approved following the same procedures.
2. As part of its internal review and due diligence process, the OPEC Fund may contact the grant applicant/project sponsor to request further information and clarifications, as required. However, due to the large number of grant applications received every year, and unless it has explicitly expressed its interest in supporting a particular project proposal, the OPEC Fund will not answer queries (through phone calls or emails) from partners regarding the status of their grant applications.
3. Upon completion of the internal review process, only grant proposals meeting all eligibility criteria and found of particular interest and relevance will be submitted for management's consideration and subsequently final approval by the relevant OPEC Fund authority. Thereafter, the OPEC Fund will send a notification letter of approval to the head of the organization concerned.

## SECTION VI: IMPLEMENTATION / MANAGEMENT

Following approval of the Grants Operations Manual and the present document, the SPES-GTA will request the CSD-IT to upload these Guidelines for External Grant Applicants on OPEC Fund public website. In addition, and in coordination with the Communications Department, it will share this document with long-standing and strategic partners.



## SECTION VII: ENTRY INTO FORCE

The Guidelines for Grant Application shall become effective as of the approval date.

## SECTION VIII: AMENDMENT

Amendments to the Guidelines for Grant Application shall follow the procedure set forth in Section V or Section VI of the Policies and Procedures Framework, as applicable.



## Annex

### List of Supporting Documents to be included in the Grant Application

#### Standard Documents to be provided by all grant applicants

- i) Results Based Logical Framework;
- ii) Detailed Implementation Plan and Arrangements;
- iii) Detailed Activity Based Budget for the proposed intervention/project;
- iv) Detailed financing plan with evidence of secured/confirmed co-financing, as applicable;
- v) For non-government entities, excluding Development Finance Institutions and UN agencies, a letter of a relevant government authority from the country concerned confirming its approval of the proposed project/activity and its alignment with the country's current development objectives and priorities;
- vi) For studies, detailed draft terms of reference to be endorsed by the OPEC Fund.

#### Additional requirements for organizations, excluding Development Finance Institutions and UN agencies, that have not previously received an OPEC Fund grant

- i) Evidence of currently valid legal registration under the laws of the country in which it is operating, as well as evidence of a certificate to do business in the country in which it intends to carry out the relevant activity, if different from the place of legal registration;
- ii) A support/recommendation letter from another donor/sponsor;
- iii) Evidence of good track record in executing/implementing similar donor Funded projects in the targeted region and country: this could include a list of recently completed projects with testimonials from other co-financiers and beneficiaries, as well as hyperlinks to relevant project completion and evaluation reports;
- iv) Evidence of proven technical expertise in the area/sector covered: this could include information on number of experts employed and their qualifications, awards received, and (for studies), list of relevant reports published;

- v) Evidence of appropriate organizational and management capacity, and of the existence of a sound financial system, including clear accounting and budgeting standards, a transparent budgeting process, audited financial statements and audit reports for the past three years, and other indicators that confirm their capacity to assume fiduciary (supervision and implementation) responsibility for OPEC Fund.

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