



GUIDANCE NOTE 2019

Introduction

1. The IOM Development Fund, established in 2001, has been providing support to IOM developing Member States and Member States with economy in transition for the development and implementation of joint government-IOM projects to address particular areas of migration management, particularly in the field of capacity building.
2. The allocation and application of the Fund is guided by Resolution No. 18 budget regulations and practices of 27 June 2018.¹ The main purpose of this Guidance Note is to explain the characteristics of the Fund as well as to provide practical guidance on the operation and management of the Fund.

Main characteristics of the IOM Development Fund

3. The Fund includes two 'lines' of funding. Line 2 is broadly similar in its operation to Line 1 with the exception that Member States subject to Article 4 of the IOM Constitution will not be eligible to benefit from funding under Line 2.² In addition, Line 2 has an increased upper ceiling for funding of both national and regional projects as explained in paragraph 10.
4. In 2019, the available funds³ for the IOM Development Fund are:
 - **Line 1** - USD 1,400,000; and
 - **Line 2** - USD 5,600,000
5. **Equitable allocation of the funds across regions and within regions remains a core management principle in assessing requests for funding under the IOM Development Fund.**

¹ Section IV, paragraph 13 of Standing Committee on Programmes and Finance Resolution No. 18 states the following: "The Director General is requested to allocate one million four hundred thousand United States dollars from Operational Support Income for the development of migration projects in favour of developing Member States and Member States in transition, on the basis of an equitable regional distribution, without prejudice to funds already allocated for these purposes, referred to as funding Line 1." Section IV, paragraph 14 states that: "Twenty-five per cent of Operational Support Income (excluding security) in excess of USD 20 million will be allocated to the IOM Development Fund, referred to as funding Line 2.", while in paragraph 15 of the same section it states that "The total amount available for the IOM Development Fund (excluding direct voluntary contributions) cannot exceed total miscellaneous income (unearmarked contributions and interest income)."

² Article 4, paragraph 1, of IOM's Constitution states that "If a Member State fails to meet its financial obligations to the Organization for two consecutive financial years, the Council may by a two-thirds majority vote suspend the voting rights and all or part of the services to which this Member State is entitled....". Resolution No. 1150 (XCIII) approved the IOM Strategy Document which states that "access to funding under Line 2 will be linked to outstanding contributions and Member States subject to Article 4 will not be eligible for funding."

³ To be confirmed at closure of 2018 accounts.

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Beneficiaries of the IOM Development Fund

6. The beneficiaries of the IOM Development Fund are IOM developing Member States and Member States with economy in transition. Eligibility is based on the most recent version of the list of low-income through to upper middle-income economies as designated by the World Bank. Countries that would otherwise be eligible because they are on the World Bank list will be excluded upon joining the European Union. Voluntary withdrawal from eligibility remains open to any eligible Member State.

7. Eligibility for funding lines 1 and 2 is as follows:

- **For Line 1:** all eligible Member States may apply for funding and/or benefit from funded projects.
- **For Line 2:** all eligible Member States not subject to Article 4 of the IOM Constitution may apply for funding and/or benefit from funded projects.

8. In the context of regional projects, non-IOM Member States are included among the beneficiaries, **only where a majority of the beneficiaries are eligible Member States.**

9. Non-IOM Members are ineligible to apply directly for support from the Fund.

Funding Levels

10. The following maximum funding levels apply:

- Line 1: USD 100,000 for national and regional projects. Exceptional increases at the regional project level will continue to be considered up to USD 200,000;
- Line 2: USD 200,000 for national projects and USD 300,000 for regional projects. Funding requests beyond these limits will not be considered.

Project Duration

11. The maximum project duration for Line 1 funded projects will be 12 months. The maximum project duration for Line 2 funded projects will be 24 months.

Types of Projects Eligible for Funding Under the IOM Development Fund

12. The IOM Development Fund supports capacity-building projects in the various

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IOM areas of activity, including relevant research and feasibility studies.

13. National and regional projects are eligible for funding.

14. Projects with good prospects for future funding and projects that provide co-funding or bridging funds are encouraged.

15. A follow-up project to a previously funded project under the Fund (Line 1) will not be admissible for further funding under Line 1.

16. A follow-up project to a previously funded project under the Fund (Line 1) will be considered under Line 2 (as stated in the IOM Strategy Document approved by Resolution No. 1150 (XCIII)).

17. The types of activities **not** eligible for consideration by the IOM Development Fund include the following:

- a) Movements: activities that are overseen by IOM's Resettlement and Movement Management Division, including IOM's traditional refugee and migrant transport and resettlement programmes.
- b) Emergency: activities that are overseen by IOM's Department of Operations and Emergencies; for example, activities in response to the 2010 Haiti earthquake.
- c) Major conferences and similar events that are continuations of ongoing dialogues and similar, well-established activities. However, conferences and similar events that may be useful in launching new regional processes, opening new geographic coverage or increasing programme planning and implementation between IOM and Member States are not excluded.
- d) Projects mainly supporting IOM staff and office costs, including projects proposed for the specific purpose of opening an IOM office, are excluded. IOM staff and office costs may, however, be included in the budget for project implementation according to standard IOM project development guidelines, to a limit of 30% of the total project budget.
- e) Assisted Voluntary Return and Re-integration (AVRR) projects, unless they include significant elements of government capacity building alongside the return component.

Application Procedure

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18. A project for consideration can be presented by the government of an eligible Member State, including by its Permanent Mission in Geneva.

19. A project may also be presented by IOM Offices, or by IOM Headquarters' departments, in coordination with the Regional Office.

20. All projects are referred to the participating IOM Mission(s) for coordination and support.

21. All submitted projects, including those submitted by the Permanent Mission in Geneva, **must be supported by a written endorsement and request for IOM Development Fund funding by the respective capital.** In the case of regional projects, a minimum of two eligible and benefiting Member States must endorse the proposal. If regional projects benefit many Member States, the Fund management will request additional letters of support from a majority of the eligible and benefiting Member States and may require additional information on the expected outcomes and impact. This endorsement should take the form of a letter to IOM from the cooperating arm of the government, **citing the specific project and making specific reference to the Fund support**⁴.

22. Governments must assign a focal point and contact information (address, phone number) for the project prior to implementation.

23. **Projects must be presented in the IOM Development Fund template, with complete budgets**⁵, wherein the total of staff and office cost should not be more than 30 percent of the total budget. Consistent with the IOM Project Handbook, projects should also receive endorsement from the relevant Regional Office and in some cases the relevant HQ Department⁶. In addition, projects may be reviewed and endorsed by the relevant IOM Headquarters division or department before final consideration by the Fund management.

24. A minimum of five per cent (5%) of the IOM Development Fund budget must be set aside for gender related activities. Projects that focus on gender or include gender specific components will contribute to the 5% requirement. Furthermore all projects should involve gender mainstreaming.

25. It is not necessary for an eligible Member State to create the project document for consideration. Eligible Member States can discuss with or otherwise relay their areas of interest to the nearest IOM Offices, or IOM Headquarters, and if the initiative is prioritized for that budget year, the relevant IOM unit will then work with the

⁴ <http://developmentfund.iom.int/how-apply>

⁵ <http://developmentfund.iom.int/project-template>

⁶ Project Handbook – Module 3

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government to shape and finalize the document and the project design.

26. Project inquiries and applications are accepted in any of the three official languages of the Organization, throughout the year.

27. The IOM Development Fund Management has deadlines for the submission of regional applications. This measure is necessary to improve planning of the disbursement of funds with respect to both regional initiatives and national priorities. The deadline is as follows:

- 1st: 30th June 2019

28. Requests for funding should specify the line under which funding is sought (Line 1 or Line 2). In the absence of specific mention of a funding line, projects will be considered under Line 1 or Line 2 by the Fund management on the basis of the level of funding requested, the proposed duration of the project, as well as the availability of funds. Please note that while incomplete applications will not be considered, unsuccessful requests due to funding shortfalls can be reconsidered for funding at a later date.

29. It is strongly encouraged to speak with the Regional Office prior to developing a project concept to avoid unfounded expectations by government counterparts, where funding is not available or an initiative is not eligible.

Relevant Criteria and Considerations in Prioritising and Processing Applications for the IOM Development Fund

30. In addition to the factors outlined in preceding paragraphs of this Guidance Note, the following considerations will apply when prioritising and reviewing applications for funding, noting that demand for funding may exceed the funds available:

- The level of IOM Development Fund support previously received by Member States.
 - Efforts by the relevant IOM Office/and or Member State (s) in securing traditional funding support through donor outreach and any evidence of possible future donor interest and/or support.
 - The level of active engagement and support for the initiative/project by the relevant Member State(s).
 - Risks to successful project implementation, including IOM's capacity to
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implement the project.

- Consistency with the IOM Strategy and the IOM Development Fund's objective and criteria

31. The IOM Development Fund management will consult with relevant Regional Offices with a view to consolidating and prioritizing the requests for funding primarily in accordance with the considerations in the preceding paragraphs.

Funding Allocations in 2019

32. Project selection and funding allocations for national projects will be made throughout the year, subject to the availability of funds. Regional project applications are subjected to deadlines as outlined in paragraph 27.

Project Tracking, Reporting and Management

33. The IOM Development Fund-funded projects are managed by the relevant IOM Offices or, in exceptional cases, the relevant IOM Headquarters unit, in coordination with the appropriate arm of the government of the benefiting Member State. IOM includes IOM Development Fund proposals in its normal project tracking procedures.

34. Regular progress reports, including financial reports, are required through the established IOM reporting channels. The project manager is expected to ensure that any adjustment to objectives and budget are made in concert with the relevant government project counterparts and Regional Offices. **Requests for project extensions and adjustments to the budget should be submitted (once cleared by the Regional Office) to the Fund as soon as possible and no later than one month before the last agreed project end date for evaluation and approval.**⁷

35. **Projects with a duration of 12 months and beyond (including extensions) require an interim narrative and financial report every 6 months (to be submitted within 6 weeks after the interim reporting period) using the standard IOM Development Fund reporting templates and a final narrative and financial report within 3 months of project completion.** Interim reports require all sections, not only the results matrix to report on the activities which took place during the specified reporting period. Example: for a 24 month project, the first interim report due after 6 months should cover a reporting period from 0-6 months, the report due after 12 months should cover a reporting period from 6-12 months, and the report due after 18 months should cover a reporting period from 12 months – 18 months. Unless there are extension

⁷ <http://developmentfund.iom.int/project-template>

requests, the final report is then due after 24 months.

36. Projects with a duration of less than 12 months do not require an interim report however such a report may be deemed appropriate by the Fund management for projects extended to 12 months and beyond.⁸

37. Projects requiring an extension of 3 months or more after the due date will require a written request and justification from the relevant governments each time a new extension is requested.

38. One of the requirements when completing the Final Narrative report is to fill in the 'Evaluation form'. On project completion, final narrative and financial reports are forwarded to the relevant Permanent Mission(s) in Geneva by the IOM Development Fund. IOM Offices are expected to share project information/reports with relevant government counterparts.

39. The IOM Development Fund management conducts regular reviews of projects. Detailed project financial guidelines are provided to its implementing IOM missions in order to ensure compliance to the Fund's specific project financial requirements. These can also be found on the IOM Development website <http://developmentfund.iom.int>.

⁸ <http://developmentfund.iom.int/project-template>

Annex A - Financial Guidelines for IOM Development Fund Projects

I. General Guidance

1. The IOM Development Fund project budget must provide sufficient information and analysis in order to support approval, planning, implementation and evaluation processes. Budgets should therefore:
 - (i) Be aligned to the Activities, Outputs and Outcomes section in the Project Matrix of the Narrative Proposal document.
 - (ii) Be consistent with the project assumptions and targeted outputs in terms of quantity and type of outputs (ex. number of consultant, trainings and workshops, number of copies of the report, number of study tours, etc.).
 - (iii) Be based on existing IOM policies and costing standards (ex. salaries, subsistence and allowance, per diem, etc.) and follow best practices in national and regional markets.
 - (iv) Clearly articulate how the costs have been calculated.
2. The cost of the development of proposals cannot be included in the Budget.
3. The Budget is completed and submitted in the IOM Development Fund Project Budget template⁹ and denominated in United States Dollars (USD)¹⁰.
4. The Budget is submitted together with the project Narrative Proposal.
5. IOM Development Fund will make a recommendation to the DG on the approval of the funding only once all necessary justifications and clarifications in the budget have been provided and agreed during final review by the IOM Development Fund, in coordination with the relevant IOM Mission and Regional Office.
6. The Budget should only cover the budget lines to be funded through the IOM Development Fund allocation. Co-Funding or Co-financing amounts cannot be included in the IOM Development Fund Budget. No other donor contributions can be credited to the Fund project code during implementation of the project or charges made in relation to those contributions.

⁹ <http://developmentfund.iom.int/project-template>

¹⁰ For co-funding with different currency, the co-funding amount is converted into US Dollars using the IOM exchange rate at the time of project proposal submission.

II. Budget Structure and Budget Line Categories

7. Each budget line item should clearly state the description and details of the cost (ex. IOM Staff salaries, venue, refreshment, subsistence, travel and DSA, training materials, printing costs, field visit costs, consultants, type of equipment, etc.), including the provision of an item cost and quantity.
8. Avoid lump-sum amounts and vague descriptions of the budget lines - these will have to be clarified and revised if included in the proposed Budget.
9. IOM Development Fund budgets are not subject to Overhead.
10. The IOM Development Fund project Budget is divided into three major cost categories; Staff, Office and Operational. The following requirements must be adhered to:

Staff and Office Costs

- (i) The total of Staff and Office Costs should not exceed 30% of the total Budget.
- (ii) There will be no IOM staff budgeted or charged in the operational part of the Budget (including intern cost and hourly paid contract staff)¹¹. IOM Missions implementing projects must also be careful to monitor charges booked by other missions to make sure they adhere to these regulations.
- (iii) IOM Staff and Office support costs from another IOM supporting Mission (study visit activities and a like) can be projectized to the project budget under Staff or Office budget line and budgeted during project proposal stage.
- (iv) A percentage of the IOM office running costs can be budgeted in the project Budget under Office Costs.
- (v) Capacity building costs (training and development) of IOM Staff are not allowed to be budgeted in the Staff and Office budget lines of the IDF project budget and neither can it be charged in the Operational budget lines of the project.

Operational Costs

- (vi) The Operational budget lines should be grouped according to the Outcomes or Outputs of the project matrix (ex. Output 1, Study tour of 5 officials, TOT-venue cost, TOT-materials, etc.).

¹¹ <http://developmentfund.iom.int/project-template> - IOM Development Fund Financial Reporting Checklist

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- (vii) IOM staff travel and subsistence budgeted in the Operational budget line should directly relate to a specific project activity. Travel and subsistence for the purpose of general or regular monitoring by Regional Office staff and by implementing Missions should be covered by the Office Cost budget.
- (viii) Relevant to IOM staff travel costs, no business class flights are allowed to be charged on any IDF projects unless approved by the Director General.
- (ix) The Fund may request a TDY report for any TDY carried out by IOM experts from HQ or Regional Offices which is charged to an IDF Project. The TDY requires justification and must be relevant to the project activities.
- (x) The Fund may request copies of contracts for Consultant costs charged in the operational budget lines of the project ensuring that the consultant was hired based on the operational activity requirements of the project.
- (xi) Assets charged under the operational budget lines for the beneficiary are to be turned over to the government – a copy of the signed Deed of Donation (DOD) is required.

III. Budget in PRISM and Project Activation

11. Once the full project application is approved, a formal notification is sent by the IDF Management Unit and the establishment of new project code in PRISM will be required.
 12. The Project Activation Request Form (PARF) and Budgeting for New Project (BNP) file should initially be submitted to PROJECT ID copying the IOM Development Fund. IOM Project Budget Standard templates (CT, LM, TC, CE, RT etc.) are used to create the budget WBS structure in PRISM. The following needs to be considered when completing the PARF and BNP:
 - (i) When completing the PARF, please be realistic as to when the project will start, i.e. when you have all the staff/consultants required on board and project activities are ready to commence, in order to avoid no-cost extensions.
 - (ii) IOM Development Fund expects projects to start within two months of the notification. Managing IOM Mission should coordinate immediately with the IDF Management Unit regarding plans to start the project at a later date.
 - (iii) BNP and PARF are processed once received from the Mission. Each of the 5th level WBS descriptions in the BNP needs to correspond to the text description of the cost (consultant, printing of materials, study tour to specific country, etc.) per budget line in the approved budget. This is done in order to provide further description of the budget line apart from the dollar amount.
 - (iv) Systematically arrange and group each budget line into the main IDF budget categories: Staff, Office and Operational, and group each Operational budget line according to the Outcomes/Outputs outlined in the budget. Special
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Sponsored Program (SSP) will be tagged in the BNP and will be done centrally while being reviewed and processed by the IDF Management Unit.

IV. Use of the Budget Lines during Project Implementation

13. During project implementation please always refer to point 10 of these Guidelines to ensure compliance with the IOM Development Fund specific requirements.
14. Ensure proper use of the WBS budget lines for Staff, Office and Operations by charging costs as stated for each of the WBS budget lines. Costs that are charged on a wrong WBS budget line without relevance or for unclear reasons (ex. transfer of costs from another project code) must be transferred out of the project or recoded to the correct WBS budget line by the Mission's finance unit or the relevant Regional Resource Management unit.
15. IOM global events such as Migrants Day or large meetings cannot be covered by the IDF project budget and neither the costs relating to these events can be charged to the IDF project. A request needs to be made to the Department of Resource Management (DRM) for OSI funding.
16. The IDF funding is sometimes used to Co-Fund an EC or other donor funded project. If IDF funds have been allocated for the same activity and budget lines as in the EC/other donor budget, the funds can be reported as Co-Funding. However, IDF funds must be approved to use for Co-Funding. Costs are to be recorded on the IDF project code in order to facilitate IDF monitoring and reporting. IDF expenditure that is eligible for Co-Funding (and falls under specific co-funded project budget lines) is then consolidated for the EC/other donor reporting. It is important in the reporting on IDF projects to clearly state that the IDF funds have also been reported as Co-Funding.

V. Budget Revisions and No-Cost Extensions

17. Project expenditure for each budget line should be monitored by the project finance unit. Significant changes to a budget during the implementation of a project need to be explained and coordinated with the Fund in a timely manner. Project Officers should submit the proposed changes to the IDF Management Unit using a Budget Monitoring and Revision Form¹².
18. The Mission has the flexibility to overcharge a Staff or Office budget line using the underspending/savings from another Staff or Office budget line. If the approved

¹² <http://developmentfund.iom.int/project-template> - For IOM Development Fund Budget Monitoring and Revision Form

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total S&O budget is less than 30% of the total budget, an overspending in the total Staff and Office budget of more than 10% requires a budget revision approval. Note however that only a maximum of 30% of the total budget can be approved for the total Staff and Office budget.

19. In the Operational budget lines, the Mission has the flexibility to overcharge by 10% per budget line using the underspending/savings of another budget line from the same Outcome/Output group. However if it uses the underspending/savings of another Outcome/Output group of more than 10% a budget revision approval is required.
20. If a no-cost extension is requested a Budget Monitoring and Revision Form should also be submitted to the Fund as soon as possible (once cleared by the Regional Office) and no later than one month before the last agreed project end date for evaluation and approval.
21. A budget revision, once approved, will require a revision and re-upload of a BNP – this is the responsibility of the implementing IOM Mission to provide to the IOM Development Fund and Manila Budget Support (MBS) unit of an updated BNP.

VI. Financial Reporting

22. The financial report is submitted to the Fund for initial review (prior to RAS review); copying the relevant RAS, RLPO or designated report reviewer at the RO. A financial reporting checklist should be completed each time a financial report is submitted¹³. Once the Fund clears the financial report, it will be forward to RAS for the final review and endorsement.
23. Projects with a duration of 12 months and beyond (including extensions) require an interim financial report every 6 months (to be submitted within 6 weeks after the interim reporting period) using the standard IOM Development Fund reporting templates and a final financial report within 3 months of project completion. Projects with duration of less than 12 months do not require an interim report however such a report may be deemed appropriate by the Fund management for projects extended to 12 months and beyond.
24. Financial reports require a breakdown of Operational Costs according to key operational outcome/outputs, to match the budget categories of the original or approved revised budget.

¹³ <http://developmentfund.iom.int/project-template> - IOM Development Fund Financial Report Template and Checklist

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25. IOM Development Fund conducts reviews and monitoring of its projects. It is important for audit reasons that the Project Manager or managing Mission ensures the accuracy and timeliness of the financial report.

VII. Project Completion and Final Project Balance

26. Upon completion of the project, any remaining positive balance will be recovered by the Fund for re-allocation.

27. On the end date of the project, the project code will be blocked so no more charges will be possible.

28. A deficit balance at the end of the project will not be cleared by the Fund – the implementing IOM Mission in coordination with the Regional Office will have to find alternative sources to clear the deficits as soon as possible.
