

## FINANCIAL GUIDELINES FOR IOM DEVELOPMENT FUND PROJECTS 2022

### 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 (e.g. 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 (e.g. 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 template<sup>1</sup> and denominated in United States Dollars (USD).<sup>2</sup>
4. The Budget is submitted together with the project Narrative Proposal.
5. IOM Development Fund will make a recommendation to the Deputy Director General for Operations, 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.

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<sup>1</sup> <http://developmentfund.iom.int/project-template>

<sup>2</sup> 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.

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### II. Budget Structure and Budget Line Categories

7. Each budget line item should follow the IOM Development Fund format which clearly states the description and details of the cost (e.g. IOM Staff salaries, venue, refreshment, subsistence, travel and DSA, training materials, printing costs, field visit costs, consultants, type of equipment, etc.), including the activity number and provision of an item cost and quantity.<sup>3</sup>
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 and 1% levy.
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) Eligible staff costs should only include the approved budgeted projectized percentage amount. For example, a Project Manager budgeted at 50% will incur expenses on the project for the salary and entitlements at 50% of the actual cost. There will be no IOM staff budgeted or charged in the operational part of the Budget (including interns and hourly paid contract staff).<sup>4</sup> IOM Missions implementing projects must also be careful to monitor charges booked by other missions to make sure they adhere to these regulations.
- (iii) In the PRIMA for ALL budget builder, the staff cost budget description must follow the standard IOM Development Fund format to include the position title of the staff along with the percentage of the salary being covered (e.g. Project Assistant – 100%). The office cost budget description must follow the standard IOM Development Fund format to include the specific cost type being covered (e.g. Building and Office Premises).
- (iv) IOM Staff and Office support costs from another IOM supporting Mission (study visit activities, diaspora assessments and a like) can be projectized to the project budget under Staff or Office budget line and budgeted during project proposal stage.

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<sup>3</sup> PRIMA for ALL Budget Proposal Guidance Note 2022

<sup>4</sup> If previously coordinated with the Fund, a consultant performing project management or support tasks may be charged to a Staff WBS line.

Exceptionally, if previously coordinated with the Fund, an IOM staff with the technical expertise to deliver a specific output or activity may be charged to a Staff WBS line, instead of using the services of a consultant.

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- (v) A percentage of the IOM office running costs can be budgeted in the project Budget under Office Costs.
- (vi) Capacity building costs (training and development) of IOM Staff are not allowed to be budgeted in the Staff and Office budget lines of the IOM Development Fund project budget and neither can it be charged in the Operational budget lines of the project.

### Operational Costs

- (vii) The Operational budget lines should be grouped according to the Outputs of the project matrix (e.g. Output 1, Study tour of 5 officials, TOT-venue cost, TOT-materials, editing, translation etc.) and each operational budget line should correspond to the activity number and cost under each Output (except for the non-cost bearing activities) and must have a corresponding activity in the Narrative Proposal. Five per cent (5%) of the operational budget may be allocated for stakeholder consultations at project inception.
- (viii) In PRIMA for ALL, the standard IOM Development Fund format for operational costs' budget description must include the activity number + short description + cost type (e.g. 1.1.1 Assessment (venue, catering, DSA, materials, etc)).
- (ix) Operational cost charges to the project should correspond relatively to the operational budget lines as detailed in the budget. Changes in the operational activities or charging other costs to the project require prior approval from IOM Development Fund.
- (x) 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.
- (xi) 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 IOM Development Fund Project. The TDY requires justification and must be relevant to the project activities.
- (xii) 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.
- (xiii) Assets charged under the operational budget lines for the beneficiary are to be turned over to the government and a copy of the signed Donation Acceptance Form (DAF)<sup>5</sup> is required. Programme staff should coordinate with the staff members responsible for retirement already at the time of preparing a DAF in order to identify the asset master record (AMR) and its description to fill in the appropriate form. For further information on beneficiary assets, please refer to ACO Alert No. 7/(issue 2020) and Module

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<sup>5</sup> Effective 01 January 2021, the DAF replaces the Deed of Donation (DOD) and will be used for the sole purpose of handing over beneficiary assets.

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- E (Assets and Leases) of the IN/267 Financial Management Rules and Procedures (FMRP) developed by the Accounting Division (ACO).
- (xiv) If support is provided by partners without a cost incurred by the project, a note or disclosure should be included in the budget, next to the relevant activity.
  - (xv) Post project evaluation budget lines need to be included in the operational part of the Budget. The post project evaluation is conducted around 12 months after project completion in coordination with the Regional Office monitoring and evaluation unit. Five per cent (5%) of the total budget must be set aside for post project evaluation.

### III. Budget in PRISM and Project Activation

11. Once the full project application is approved, the Mission will receive a notification email from PRIMA for ALL. Subsequently, the Project Developer (PD) should initiate the project activation workflow in PRIMA.
  12. Once project activation has been initiated, the Project Budget Allocation (PBA) module and the online Project Activation Request Form (PARF) will become visible on the left navigation pane of PRIMA for ALL. The following needs to be considered when completing project activation in PRIMA for ALL:
    - (i) The PARF is automatically populated with the information from the different modules filled in during the project development and activation phases. To continue with project activation, the PD needs to check, update and complete the required information in the Project Information, Workplan, Donor and WBS/Budget Modules. The Mission should be realistic as to when the project will start, i.e. when all the staff/consultants required are on board and project activities are ready to commence, in order to avoid duration revisions.
    - (ii) A 3-month Preparatory Period ('Phase Zero') should be factored in when selecting the project starting date. This Phase Zero period will begin once project activation is completed. At this point, the project will be fully approved and activated, but no changes can be made, and no costs can be charged. During this period, no-cost activities should be carried out in preparation for the start of the project, including coordination with Government stakeholders, establishing project steering bodies, identifying consultants, drafting ToRs, or obtaining further Government approval for implementation (where necessary). Please reach out to the IOM Development Fund in case of questions or concerns, particularly if there is significant urgency to begin the project in full: extraordinary requests will be considered and discussed on a case-by-case basis.
    - (iii) The Resource Management Officer (RMO) needs to verify and complete the information in the PRIMA modules and the Project Budget Allocation (PBA). The RMO must ensure that the Cost Element used in the PBA are properly
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updated based on the nature of the expense. Once all relevant information is verified and completed, the RMO will generate the project structure and the Project ID in PRIMA for ALL.

- (iv) Budget lines are systematically arranged and grouped into the main IOM Development Fund budget categories: Staff, Office and Operational, and each Operational budget line should be grouped according to the Outputs and activity numbers as outlined in the budget. Special Sponsored Program (SSP) or the “Donor View Code” and “Donor View Description” columns are completed and are linked to the PBA Module.

### 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 (e.g. 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 IOM Development Fund project budget and neither the costs relating to these events. A request needs to be made to the Department of Resource Management (DRM) for OSI funding.
16. The funding from IOM Development Fund is sometimes used to Co-Fund an EC or other donor funded project. If IOM Development Fund allocation have been allotted for the same activity and budget lines as in the EC/other donor budget, the funds can be reported as Co-Funding. However, IOM Development Fund allocation must be approved to use for Co-Funding. Costs are to be recorded on the IOM Development Fund project code in order to facilitate monitoring and reporting. IOM Development Fund 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 IOM Development Fund projects to clearly state that the funds have also been reported as Co-Funding.

### V. Budget Revisions and Duration Revisions

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.
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Project Manager should submit the proposed changes to the IOM Development Fund Management Unit using a Budget Monitoring and Revision Form.<sup>6</sup>

18. As long as there has been prior coordination with the Fund, the Mission has the flexibility to reallocate available funding within the Staff and Office budget as long as the total Staff and office budget is not over 30% of the total project budget.
19. In the Operational budget lines, the Mission has the flexibility to overcharge up to 30% per budget line. However, overcharging per Output should not exceed 10% of the total budget per Output group. In case Mission uses the underspending/savings of another Output group of more than 10% then budget revision approval is required.
20. If a duration revision is requested it should be submitted as soon as possible and no later than one month before the last agreed project end date, for evaluation and approval of Regional Office and IOM Development Fund. The budget is also reviewed, and a budget revision is added to the request if deemed necessary. Projects requiring an extension of 3 months or more will require a Budget Monitoring and Revision Form.
21. A budget revision for existing PRIMA IDF projects, 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 and Project Review

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 submitted.<sup>7</sup> 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 month, to cover the cumulative expenditure, (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.

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<sup>6</sup><http://developmentfund.iom.int/project-template> - For IOM Development Fund Budget Monitoring and Revision Form

<sup>7</sup><http://developmentfund.iom.int/project-template> - IOM Development Fund Financial Report Template and Checklist

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24. Financial reports require a breakdown of Operational Costs according to key operational outputs, to match the budget categories of the original or approved revised budget.
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. 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.
28. Ensure timely recording of all valid expenses on PRISM as the project code can be blocked so no more charges will be possible during the project closure process.

### **VIII. Post Project Evaluation**

29. During the final stages of project implementation the post project evaluation is coordinated by the IOM managing Mission with the IOM Development Fund.
  30. The post project evaluation budget should still be available or unspent and the planned evaluation date is confirmed.
  31. The **evaluation must take place** around 12 months after project completion and the budget for the evaluation is transferred to the IOM Development Fund evaluation code when the main project code is closed during RAS endorsement of the final financial report.
  32. A WBS from the IOM Development Fund evaluation code will be provided to the IOM Mission upon confirmation of the evaluation period.
  33. Only costs related to the post project evaluation should be charged to the WBS provided, and the WBS code will be closed once the evaluation is completed.
  34. The IOM Development Fund will request confirmation that the evaluation has been completed a month after the confirmed evaluation date.
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35. Any remaining balance on the evaluation budget will be carried forward for future IOM Development Fund regional and thematic project evaluation initiatives.
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