



Bee Diverse Matching Facility – Fund Manual

Introduction:

This Bee Diverse Matching Facility Fund Manual covers the procedures to manage the Bee Diverse Matching Facility (BDMF). The Fund Manual is the guideline for the administrators of the BDMF and the different bodies/organizations involved in the execution of the BDMF. It contains procedures regarding the calls for business plans, the evaluation of proposals, the financial administration of the co-financing and the requirements of BDMF clients on financial reporting and accountability.

Definitions:

Advisory Committee:	the committee that advises the Steering Committee with scores, arguments and recommendations on the applications
Applicant:	an organization applying for co-financing through the indicated procedures and using the required forms
Application:	the package of documentation as defined in the application guidelines.
Approved budget:	the budget as approved by the lead partner (this budget includes all expenditures and investments independent BDMF items are financed by own contribution or by the matching facility.
BDS support:	Business Development Services support: services offered by the BDMF (or BDMF subcontracted consultants) to assist the applicants in preparing the applications
BDMF:	Bee Diverse Matching Facility: the facility for matching applications with a grant and supporting services
Financing agreement:	the agreement between the applicant and the lead partner governing the disbursement, conditions, conditions precedent, reporting and collaboration requirements
Final settlement:	a signed document by the lead partner at the end of the implementation period of the project supported by the matching facility defining the completion of the project and the fulfilment of all obligations under the financing agreement
Grant decision:	decision by the Steering Committee to award a grant to an applicant on basis of the evaluation of the application
Own Contribution:	Applicants' own contribution in kind or in cash as part of the financing agreement
Steering Committee:	the committee that decides on award of the grants

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Background

The Bee Diverse Matching Facility (BDMF) is a Matching Facility launched by TUNADO for a duration of three years. The BDMF ensures market led initiatives, due to its private sector orientation and the requirement of an own contribution of the applicants. Honey value chain embedding is further stimulated by the requirement of a multi-actor approach. The instrument of the BDMF targets private sector entities, while promoting and emphasising strategic collaborations within the honey sector. In this phase of the development of the sector, it is important to stimulate various actors to further develop their ideas and innovations. The competition between the innovative plans will stimulate the best ideas to develop further. This instrument provides the opportunity to diversify the risk and tap in diverse business ideas, stimulate strategic collaboration and promote a level playing field in the sector to enhance complementarity and specialisation.

The BDMF provides opportunities for multiple actors to present innovative plans, get investment support (between 10.000-30.000 EUR) and support the implementation of these ideas. The BDMF provides support to get the best, most innovative and financially sustainable plans from a wide range of actors from the apicultural sector. At the same time, local resources are mobilised as the 50% match that will be required through local funding, which creates ownership. The BDMF supports collaboration. Hence, the application must be a joint application of at least two parties (a lead applicant and a co-applicant).

The BDMF intends to improve the situation of 3.000 producer households and 300 green jobs at companies/organisations in the apicultural sector. There are four main outcomes that will contribute to this objective:

1. Improved organisation of the apicultural sector in Northern Uganda.
2. Improved services delivery to the primary actors in the apicultural sector.
3. Improvement of quantity and quality of honey/wax produced/processed by the primary actors.
4. The institutional and political environment is more enabling for a (bio) diverse apicultural sector.

The results framework of the BDMF are presented in Annex A.

The BDMF is managed by TUNADO, in collaboration with Woord en Daad, a Dutch Development Organization and Alcode Agro Consult as technical and financial partners. The BDMF receives a grant of the delegation of the European Union in Uganda.

Actor Eligibility & Threshold Criteria:

The following organizations can apply for investment support:

- **Sector support actors (Local Authorities, BDS providers, Financial institutions)** which are organizations that want to improve their services provision to the primary actors and local authorities that seek to implement ideas to improve the enabling environment.
In this category both public, not-for-profit, civil society organizations as well as private actors can apply for a grant.
- **Private enterprises (producers, processors and packers, cooperatives and input suppliers)** in production and/or processing of honey, wax and other derivate products as well as private enterprises that deliver a product to the primary actors. In this category are also included producers or beekeepers, producer organizations, associations, cooperatives.
In this category only for-profit organizations can submit applications for the matching facility.

All applicants need to meet the following threshold criteria to be considered for financial support. Applicants can discuss criteria with the BDMF and its sub-contracted technical and business development services consultants:

- The applicant need to prove that it is active in the apicultural sector.
- The applicant needs to be a legal entity and possess a bank account.
- The applicant preferably delivers a copy of the last available annual accounts;
- The applicant must develop a partnership with other actors aimed to increase the collaboration between the actors in the value chain. In practice at least, there should be a co-applicant in the application leading to a joint application which represents a business to business collaboration and/or a public-private collaboration.
- Ability to finance at least 50% of the plan/proposition with own resources. This also applies for government and non-government entities. At least 50% of the own contribution is a cash contribution. The other 50% of the own contribution can be in-kind and/or through other forms of contributions. The in-kind-contribution has to cover (a part of) the eligible costs, in accordance with the financial regulations of Woord en Daad and or European Union). This also applies for innovative plans under the category sector support;
- The potential applicant needs to have its operations in the geographical area: region of Northern Uganda (Greater North, including West Nile, Teso and Karamoja) and needs to be a recognized entity in Northern Uganda and/or at least 50% of the raw material supply or sales takes place in the geographical area;
- The potential applicant needs to have a clear and proven track record in honey value chain, already involved in production/processing/services provision in the honey sector and need to be able to prove this through administration records (sales figures), proof of company inscription in business membership organisations/government registration;
- Potential applicant's action needs to be based on a business case. The innovative plans include a cost/benefit projection of the operations to be supported;
- Potential applicant need to be willing to share non-competitive and/or pre-competitive information with the fund managers;
- All applications need to include objectives and activities related to biodiversity as well human diversity (inclusiveness of youth and women);
- All applications need to set objectives and indicators in line with the targeted outputs and outcomes of the BDMF;
- Minimum € 20.000, max. € 60.000, own contributions (at least 50%) range from 10.000 to € 30.000;
- Applicants who previously received or have ongoing projects supported by BDMF positive performance (i.e., timely implementation, proper budget utilization and achievement of deliverables) in the previous or ongoing project has to be clearly demonstrated before a new application is considered;
- Project duration of minimum 12 months and maximum 24 months with start date of 1.07.2018 (and other indicated start dates: 01.01.2019 and 01.07.2019);

- Business plans beyond 10 pages (font: new time romans 12, normal spacing) will not be considered for appraisal by the advisory committee;
- Applicants must be willing to provide additional information upon request of the BDMF and/or its lead advisor, subcontracted services providers. Applicants will also be required to host on-site visits of the BDMF representatives, lead advisor or services providers upon request for purposes of evaluation, monitoring or reporting;
- Applicants must be member or be willing to become member of TUNADO;
- Organizations in which a one of the consortia partners, advisory committee member and/or lead advisor is involved, is not eligible for application in the BDMF.
Application must be submitted by hard copy and soft copy on a memory stick at the same time of submission

Guidelines for proposal development:

Guideline for Proposal Development & Evaluation

- Justification for the project should be clear (note: no need to include analysis of the sector just direct analysis of problem or identification of opportunity, sector information is known):
 - a. clear analysis of the problem and/or description of opportunity with supporting data or information (e.g., when the proposal claims that there is demand for propolis, it should provide evidence of this statement with references);
 - b. Clear presentation/logic of how the project/activity will address the identified problem or utilize identified opportunities to contribute to the development of the honey sector;
- Beneficiaries and respective benefits are clearly defined and quantified;
 - a. Who are the beneficiaries (classify in terms of the organization/company, beekeepers/producers, employees of the company, employees of other actors such as input suppliers/transporters, gender/age differentiation, etc.);
 - b. Respective number of beneficiaries according to classification (male/femal, youth);
- Quantitative indicators of benefits are stated; it should provide a description of before and after intervention using at least four (4) quantitative indicators at outcome level and at least two (2) at impact level to include increase in income/HH (for ease of review, put in table form);
- Outcome level – how will this strengthen the business or the capacity of the proponent? (with baseline and projected results after the intervention):
 - a. For B2B and Sector business plans, possible indicators are: Sales Volume and Value, Profitability, Markets (list of markets)/ Buyers, Cost savings, Supply base (size and breadth), numbers of outgrowers, and volume of procurement, Quality of supply and product, Facility improvement/upgrading/increase in annual output.
 - b. Additional for Sector Proposals: Services offered (number and quality), Financial management, Resource mobilization/operational viability, Expansion in membership or staff, Organizational systems, Linkages development
- Impact level: Employment increase (current and after the intervention), Productivity and production improvement at production/beekeeper level, Increase in income at the household level, i.e., per household and as a cumulative effect of the project on all household beneficiaries (pro-poor);
- Return on Investment (ROI) analysis: total Investment (own contribution and financial support) should be recovered in two years by means of total **increment** in profits/income on company and/or employee and/or household level. In case the investment costs, as proposed in the application, cannot be recovered within two years, then a more elaborate analysis on ROI that shows overwhelming long-term benefits should be presented; additional financial/social benefit ratios have to be used to examine the benefits of the project;
- Cost efficiency measures. Costs should benchmark with similar projects that used lower costs unless otherwise Justified;
- Budget should comply with financial guidelines of the BDMF and adhere to the (financial) guidelines of the European Union.
- Additional guidelines for B2B business plans (all others above apply)

- a. Demonstrates innovativeness (as defined above);
- b. Demonstrates technical and/or financial feasibility;
- c. Demonstrates ease of replicability and sustainability;
- d. Includes a statement of commitment from the proponent to fully document the process and results, and share with the sector
- Additional guideline for projects applying for sector support:
 - a. Demonstrates impact on whole sector or a number of segments of the value chain and not on single client only;
 - b. Demonstrates sustainability (not one-time benefit);
 - c. Identifies and provides commitment from the organization/institution to sustain the project;
 - d. Analysis of the suitability of the applicant of the proposed intervention (does it fit the core business/core mission).

Eligibility of activities and costs (non-exclusive list):

- Provision of training of suppliers and/or cooperative members on basic technical skills on apriary production/harvesting/processing;
- Development, introduction and testing of a harvesting service for specific advanced technical skills in collection of honey;
- Setting up services/activities to strengthen beekeeper groups and collaboration between beekeepers,
- Implementing of concepts like 'Bee keeping as a business' by training on entrepreneurial skills of producers;
- Increase of access to quality inputs and finance for inputs, including direct investments in hives, suits, tools and logistics;
- Development of a sourcing strategy: establishing sourcing operations, linking to buyers, by matching supply and demand on final product and on pre-finance, including setting up feedback systems (digital) on deliveries/quality including investments in logistics and collection points;
- Mobilization of finance for working capital and investments, development of business cases, product development by MFIs, piloting/testing;
- Introduction of quality systems on procurement with quality incentives for suppliers;
- Expansion/investments in innovative technology which can increase processing efficiency;
- Depreciation or user fee of existing infrastructure and/or equipment;
- Construction of new buildings;
- Establishment of national/international market linkages, business/trade missions, improved branding/packaging;
- Development of a sector policy and trade and quality for the honey value chain in Northern Uganda by the stakeholders (standards, certification);
- Functional governance (of a sector association) enhancing value chain collaboration;
- Addressing legal issues by advocacy (legal frameworks, improved access to finance/inputs, improved extension services).

Non-Eligible activities and costs:

Non-eligible activities and/or costs should not be submitted as part of the budget that BDMF will consider for calculation of the financial support. In the budget for the co-financing all budget items on the list of the non-eligible activities/costs will not be taken into account in defining the matching facility. Please note that in the business case all costs need to be reflected, independent of the exclusion on the non-eligible activities/costs as defined in this paragraph.

- Working capital for the operations of the organization and/or the proposed activity;
- Interest or debt owed to any party;
- Expenditures and provisions for possible future losses or debts;

- Profit taxes, currency exchange losses, fees or penalties;
- Existing infrastructure and equipment already acquired/installed;
- infrastructure and equipment co-financed through another framework, program or subsidy;
- Entertainment or hospitality expenditures;
- Purchase of land or existing buildings;
- Hardware and other equipment that are directly needed to implement the project such as machineries and which are not related to the core business case. E.g. a company applying for motor bikes which are only needed during the implementation period of the project;
- Recurrent costs such as salary, rent, communication costs which already existed before the project starts. All recurrent costs must be part of the business case itself and covered with revenues/sales;
- Activities/investments which do not adhere to national/regional/international permits, laws and regulations;
- Activities/investments for which it is clear upfront that there is a negative social, economic or environmental impact;
- Activities or products which involve production/processing of alcoholic beverages;
- Deductible Value Added Tax and other deductible taxes.

Scoring of business plans from applicants:

Out of the submitted applications that meet the threshold criteria, a selection is made on the basis of the quality of the application and to what extent the proposal contributes to the results of the BDMF.

All applications will be classified according to one of the following two categories:

- Sector support applications or in short 'Sector' and are those applications that lead to initiatives that stimulate/promote the honey sector as a whole instead of individual companies or organizations.

Activities that can be supported under this category could be for example: market study, development of quality standards, setting up laboratory facilities for quality control, developing a support office / extension service for farmers, public partners could come up with a research plan to improve national legislation to support the development of production or quality, common research agenda for long term improvement, sector association strengthening, training manuals, etc.

- Applications in this category are called: business plans and will include very often business to business activities (B2B).

A B2B proposal is aimed to support pilot interventions and support applicants in developing, testing and implementing new ways of doing business, new technologies, new processes and other activities which without financial support would not have been implemented and/or would only have been implemented at a small scale. Business plans will receive a score based on the level of innovation in the proposed activities. Business plans in this category often imply (re-)organization of activities in production, logistics, marketing, contracting, etc. Not all elements of the B2B proposal need to be innovative. There must at least be some innovative elements present or the combination of various new innovations in a new and concerted value chain set-up.

Activities that can be supported under this category could be for example:

- (a) Management systems (Ex. new demand-based planning system, improve quality control by setting up a training facility for honey production, business to business support program for farmers to switch from an artisanal production system to a market led system directly linked to a specific buyer);

- (b) Business structure (Ex. Establishment of collection centers in a vertically integrated company. Or the same project in a cooperative structure);
- (c) Business arrangement or approach (Ex. training on skills improvement involving a processor and the beekeepers. Training on skills improvement involving processor/buyer, beekeepers and an MFI, tripartite production/processing/distribution arrangements, create new contracts or price setting mechanisms);
- (d) Appropriate technology adaptation (Ex. commercializing Nuru hive versus commercializing Kenya top bar hive, new genetic material, new processing technology, logistic services etc.);
- (e) New product development/introduction (Ex. new hive technology, introduction of new products in wax, honey or derivatives);
- (f) Approach to new market instruments (Ex. New marketing instruments, creating new opportunities for local, regional, national and/or international markets);
- (g) Approach to scaling up (Ex. new models to scale volumes in production, processing) which might not necessarily include a lot of innovative activities or investments but which do lead to a big growth in number of producers involved, volume of honey/wax/derivates produced or processed. The relative increase need to be attainable and measurable. E.g. a processor that is able to increase the supply base from 200 to 1000 in just 12 months or a producer group which is able to increase production volume from 1Mt to 5Mt in just 24 months.

The following table presents the scoring card to guide to the appraisal committee in prioritizing the choice of innovative plans for the BDMF:

<i>Appraisal framework</i>			
	Action Name:		
	Applicant Name:		
	Organization/Company Name:		
	Appraisal Criteria	B2B	Sector
1	Soundness of proposed solution (3,4,5)	25	15
	- Innovativeness		
	- Outcome at company/client level (incremental growth, profit, margin)		
	- Financial feasibility / ROI / Cost-Benefit ratio		
	- Technical feasibility		
	- Leven of own contribution		
2	Applicant & Partnership (1, 9, 10)	20	10
	- Experience / knowledge of the sector		
	- Competencies of applicant / partnership		
	- Integrity & Reputation of applicant & partnership		
	- Collaboration between actors		
3	Outcome / Impact on diversity & socio-economic impact	30	40
	- Contribution to inclusiveness of youth (% youth participating)		
	- Contribution to promotion of gender equality (% of women participating)		
	- Sustainability (including impact on environment, promotion of biodiversity)		
	- Impact on household level (number of beneficiaries, type of impact, improvement household income)		
4	Leverage / Replicability potential (return on financial support)	15	25
	- Ease of adoption		
	- Availability / accessibility of resources		
	- Segments (e.g. producers/processors/traders)		
	- Locations (regional/national/zonal)		
6	Overall quality of the proposal	10	10
	- Baseline information & Context		

	- Financial information		
	- Logic of proposal		
	TOTALS	100	100

Notes:

- A lot of emphasis is on the three 'diversity' elements that BDMF would like to promote: youth, women and biodiversity. A big part of the scores BDMF influenced by these elements;
- The score for technical/financial feasibility seems low, however, a solid business case is a threshold criteria;
- Sustainability score is given based on the positive impact on the ecological environment, the extent to which the application promotes bio diversity. A score of 0 is given when there is 0 impact and/or when the project will not have negative impact on the environment; The BDMF adheres to a 'do not harm' principle to verify the negative impact of the application;
- Replicability (next to the possibility to replicate the idea in another setting) is also related to the demonstration of a repetitive benefit, e.g., a proposal to set-up a nursery in support of bee forage development should demonstrate that it will continue to operate and produce seedlings year after year and not only produce once;
- Cost/benefit ratio – refers to the magnitude of the project, reflected in investment and funding support requested, e.g., similar concepts but with varying amounts in terms of total investment and fund support requested might lead to smaller/bigger benefits/impacts.

Scoring/qualification:

- There is a difference in scoring in the appraisal of B2B innovative plans versus Sector Support plans. This is to recognize that sector plans need to make a broader and general impact benefitting more than one actor;
- All business plans that scored below 50 points will be returned to the applicants;
- Applications of proposals that have been rejected may revise and resubmit their business plans. However, these will follow the regular timeline and process flow of business plans and will be taken into account without any preference in the next call for proposals. Appeals can only be made once.

Appraisal, decision making procedures and governance:

Roles & Responsibilities of the hosting partner (TUNADO in association with Alcode Agro Consult), the advisory committee, the pre-advisory meeting BDS and the Steering Committee, organized by the lead partner in the EU proposal (Woord en Daad):

- a) The hosting partner of the BDMF is TUNADO. Alcode Agro Consult is contracted for the representation and coordination, mainly in Lira for Northern Uganda. TUNADO is responsible in the BDMF administration for the following:
 - Implementation of the BDMF fund manual, its procedures and administrative rules & regulations;
 - Adherence to the specific EU guidelines and EU contract stipulations that need to be taken into account in selection of applications, administration of the financial support and reporting;
 - Organization of call for proposals for applicants;
 - Receiving applications, application of threshold criteria of business plans, classification of business plans;
 - Providing applications with a unique ID by email. The e-mail address given in the application form needs to be a valid e-mail address as it will be used for future communication with the Applicant. The Applicant is obliged to keep the BDMF ID number and use it in any correspondence with BDMF;
 - Applications not meeting the threshold will be informed by TUNADO indicating which threshold is not met. TUNADO will organize the pre-appraisal BDS support which is meant to

verify BDMF applicants meet the threshold criteria, to improve applications and to ensure that applications submitted meet the quality criteria of the BDMF;

- Sharing of applications with the advisory committee two weeks in advance of appraisal & advisory committee meeting;
- Consolidation of scoring cards of the advisory committee members and developing overview per application of scores given leading to an overall score for the application;
- Chairing, administrating and documenting the appraisal & advisory committee meetings;
- Submission of recommended applications for approval to Woord en Daad indicating conditions, conditions precedent for disbursement and any other advice.

b) b. Pre-Advisory Committee and BDS support:

- TUNADO will receive the applications for pre-appraisal at a Pre-Advisory Committee (TUNADO and Alcode Agro Consult). Main task is to verify threshold criteria. The selected applications will receive support to improve the quality of the business plans and coordinate BDS support (a one-day-ticket of free BDS support). Technical experts will be hired as needed to provide additional advisory support. Applicants can receive BDS support for maximum one day at charge of the BDMF. The applicants will resubmit their improved applicant.

c) The advisory committee:

- To improve the commitment of the business and private sector, the advisory committee is given the power to be involved in the fund allocation process. For the members of the advisory committee to be effective they should have good knowledge of the sector, be independent and credible;
- The advisory committee meetings are organized by TUNADO and TUNADO is the chairman of the advisory committee meetings. The advisory committee is responsible for reviewing and scoring of applications based on the scoring criteria as developed by the consortia partners. The advisory committee consists out of 5 members;
- Two weeks before an advisory committee meeting the submitted applications will be distributed to the committee members on paper. The Each committee member individually reviews the submitted applications and prepares scoring cards per application prior to coming to the advisor committee meeting;
- One week prior to the advisory committee meeting each advisory committee member will submit its scoring cards per application to TUNADO;
- The advisory committee meeting will discuss each application, review the consolidated scoring cards of the application, exchange reasoning per scoring element and where necessary scores are adjusted;
- Big differences in scores per application per advisory committee member (over 50% difference between highest score and the lowest score) need to be discussed in the advisory committee meeting;
- The advisory committee, under the guidance of TUNADO, will develop a ranking of applications based on the advisory committee deliberations;
- Advisory committee members that object against the position of a specific application on the ranking can indicate this in the meeting and this will be noted on the ranking list and will be discussed between TUNADO and Woord en Daad.

d. The Steering Committee (led by the Lead partner Woord en Daad):

- The lead partner is responsible for the final decision on whether to accept or reject a proposal for a grant. Therefore, the Woord en Daad put in place a Steering Committee, taking these decisions;
- The Steering Committee will take into account the scores, advises and recommendations of the Advisory Committee for the Grant decision;
- Other criteria for the grant decisions will be the balance between the type of applicants and applications according to the categories (as indicated in the BDMF project proposal). The

BDMF explicitly targets the primary actors with 60% of the funds to ensure that the necessary investments are made to increase quantity of production and processing;

- Applications of low quality (e.g. with a score below 50 points) will be rejected automatically;
- The Steering Committee will communicate the Grant decisions and indicate the reasons for rejection. The applicant cannot derive any right or make any objection against the Grant decision. The Steering Committee has no obligation to provide any further explanation to the application with regards to the Grant decision;
- The Grant decision can include specific rectifications and recommendations, which will be part of the financing agreement. This is related to the compliance with the EU guidelines and BDMF manual;
- The lead partner develops the financing agreements and is a signatory party on these agreements together with the applicant.

Financial provisions for the BDMF:

- Each applicant will get maximum of 50% co-financing relative to the approved budget.
- Financial support below 20% of the total project budget will not be considered;
- Maximum grant size is €30.000. Minimum grant that will be given is € 10.000
- Own contribution has to be at least equal to the grant provided by the BDMF. Minimum contribution in cash is minimum 50% of the own contribution;
- Disbursements from the BDMF will only be done as soon as the (potential) applicant can prove the spending of its own cash contribution through administration and physical inspection. The cash contribution need to be proven with official offers, receipts of expenditures for either operational costs or investment costs. The BDMF might verify market value of receipts BDMF deemed necessary;
- Disbursement scheme can be summarised as follows: To kick start the execution of the business plan first disbursement will be done after approval of contract (30% of total sum). The next 30% will be disbursed if and when sufficient progress in the execution of the business plan has been made conform advisory report of Alcode and TUNADO. The third disbursement of 30% will be after a second report on progress (validated and confirmed by Alcode and TUNADO) as well as convincing proof has been made available to Woord en Daad that the own contribution in cash and in kind are in pace with the BDMF guidelines. The final 10% will only be disbursed if and when final reporting in adherence with guidelines of the BDMF have been approved by Woord en Daad.
- Per project maximum three disbursements will be done in order to reduce administrative costs. Subsequent disbursements will only be done upon receipt of consistent reporting and BDMF required an on-site inspection;
- The applicant is required to finance the last 10% of the BDMF contribution with its own resources. Upon final settlement and approval of the results the last 10% of the BDMF grant will be disbursed to the applicant;
- All payments to the applicants will be done in UGX on an Ugandan bank account. All bank costs will be subtracted from the grant amount. The lead partner will use the best exchange rate possible as given by its foreign currency partner;
- No compensation is given to applicants for their participation in training and support sessions, pre-advisory BDS, etc. Applicants are expected to take care of their transport, hotel, food expenses;
- Honorarium fee for trainers/technical advisors and/or specialized BDS providers should be proposed based on their educational background and experience. Their knowledge of the sectors should be considered in proposing their fee on business plans;
- Advisory committee members will get reimbursement of hotel, transport and food expenses according to the following rates:
 - Hotel:
 - Food:
 - Transport:

- Advisory committee members will receive 100 Eur per day for attending the Advisory Committee meeting;
- No per diem/DSA is paid to drivers who travel with meeting participants be it government officials or other actors;
- Applicant is allowed up to twenty percent (20) expenses variations from the total Approved Project Budget within any of major budget categories. Should the expenses variations related to any major budget category be expected to exceed five percent (5%) during the course of the project, prior approval is requested from BDMF;
- The BDMF reserves the right to suspend or terminate the financing under the financing agreement or obtain a refund of all or any part of the amount of the financing disbursed, BDMF the Applicant fails to perform any of its obligations under the Financing Agreement;
- After the approval of the project proposal, the contract will be prepared by Woord en Daad, verified by TUNADO and signed by the representative of Woord en Daad and the applicant. Contract will be prepared based on the work plan of the approved project proposal. Reporting requirements will be clearly mentioned on the contract;
- Applicants are requested to create a master file at the beginning of the project containing the following information and documentation (During the monitoring visit the master file must be made available;
 - Application and supporting documentation,
 - Any official documentation exchanged between the applicant and the BDMF during the application period and implementation period (e.g. response from the BDMF advisory committee, request for additional information, financing agreement, etc.)
 - Copies of all reports required by BDMF,
 - Copies of all invoices and procurement documents;
 - Records including agreements with third parties, invoices and other payment records that are related to the project.

Implementation of the project, reports and audits

- The applicant, upon meeting all pre-conditions in the financing agreement, is required to carry out the project diligently and efficiently in accordance with the terms of the financing agreement and of the application guidelines. Any significant deviation from the Project Proposal (e.g. project is not on schedule for completion within timeframes defined in the application proposal, proposed milestones are not achieved) requires prior written consent of the BDMF;
- The applicants should adhere to sound technical, economic, financial, managerial, environmental and social standards and practices;
- The applicant is required to maintain policies and procedures adequate to enable the BDMF to monitor and evaluate the progress of the project and the achievement of its objectives;
- The applicant is required to carry out the project in accordance with the provisions of the monitoring framework as agreed upon in annex B;
- The applicant shall use the financing in accordance with the approved project budget and maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the project;
- The BDMF reserves the right to require applicants to submit to the BDMF for prior approval all contracts with third parties (subcontractors, suppliers) related to the purchases of goods and/or services unless the contracts were approved prior to the signing of the Financing Agreement;
- At the request of the BDMF, the applicant is obliged to have its financial statements audited by independent auditors acceptable to the BDMF, in accordance with consistently applied international auditing standards, and promptly furnish the statements as so audited to the BDMF;

- The applicant shall enable the BDMF to review/monitor the implementation of the project, its operation and any relevant records and documents and prepare and furnish to the BDMF all such information as the BDMF shall reasonably request relating to the implementation of the project;
- The applicant shall report results and accountability of resources and own contributions, according to the realizations and juridical engagements done in the period, covered by the reporting period;
- The BDMF reserves the right to audit justifications of results and resources by visiting the applicant.

Fraud and Corruption

The BDMF requires that the applicants, the consortia partners, the advisory committee members as well as selected providers of services and consultants participating in the projects adhere to the highest ethical standards, both during the selection process and throughout the execution of a financing agreement. In pursuance of this policy, the BDMF defines the terms set forth below:

- “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of another party;
- “fraudulent practice” is an act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- “collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- “coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract;
- “obstructive practice” (aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a BDMF investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or acts intended to materially impede the exercise of the BDMF inspection and audit rights.

Any of the above-mentioned practices might lead to the dismissal consortia partners, of an advisory committee member, of a selected services provider or consultant and/or to the termination of an approved request for financial support and/or reverse the execution of a financing agreement.

Termination of Financing

The BDMF may suspend and/or terminate the financing, upon its sole discretion, in whole or in part, in the instance of a breach of any terms of the financing agreement including but not limited to:

- Failure of the applicant to provide, promptly as needed, the resources required for project implementation, including failure to proof the spending of the co-financing amounts set forth in the financing Agreement at the dates specified in the financing agreement;
- Failure of the applicant to use the financing as defined in the approved Project budget including reallocation of more than twenty (20%) 5% of the approved project budget by applicant without prior written consent of the BDMF;
- Significant failure of the applicant to carry out the project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices, providing false information during any stage of the project application, evaluation or implementation and in instances of gross misconduct or fraud;

- Failure of the applicant to maintain policies and procedures adequate to enable the BDMF to monitor and evaluate the progress of the project and the achievement of its objectives;
- Failure of the applicant to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the project;
- Failure of the applicant to have financial statements audited at the BDMF request by independent auditors acceptable to the BDMF, in accordance with consistently applied auditing standards, and promptly furnish the statements as so audited to the BDMF;
- Failure of the applicant enable the BDMF to inspect the implementation of the project, its operation and any relevant records and documents and prepare and furnish to the BDMF all such information as the BDMF shall reasonably request relating to the implementation of the project;
- Failure of the Applicant to inform the BDMF of any significant changes to the project (e.g. regarding project implementation, timelines, project budget, deliverables, project staff, etc.).

In case of suspension of financing the BDMF will send a written notice to the applicant with information about the existence of a breach and with request to the Applicant to rectify the breach within four (4) weeks after the date of receipt of the notice. In the case the Applicant does not resolve the default, the BDMF has the right to terminate the financing agreement. Prior to issuance of the termination notice to the applicant, the decision to terminate the financing agreement will be reviewed and approved by the advisory committee.

In case of termination of financing due to the breach of any terms of the BDMF or the financing agreement, the applicant will be required to refund all or any part of the amount disbursed by the BDMF under the financing agreement.

If the applicant terminates the financing agreement or abandons the project, the applicant shall be obliged to refund to the BDMF the entire amount disbursed to the applicant.