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 template1 and denominated in United States Dollars (USD)2.

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.

II. Budget Structure and Budget Line Categories

7. The IOM Development Fund project Budget is divided into three major cost categories; Staff, Office and Operational. The following requirements must be adhered to:

   (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)3. IOM Missions implementing projects must also be careful to monitor charges booked by other missions to make sure they adhere to these regulations.
   (iii) A percentage of the IOM office running costs can be budgeted in the project Budget (under Office Costs).

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1 www.iom.int/developmentfund/templates.htm
2 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.
3 IOM Development Fund Financial Reporting Checklist.
(iv) 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.

(v) 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.

(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.).

(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) Assets charged under the operational budget lines for the beneficiary are to be turned over to the government – a Deed of Donation (DOD) is required.

(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) IOM Development Fund budgets are not subject to Overhead.

III. Budget in PRISM and Project Activation

8. 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.

9. 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 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

10. During project implementation please always refer to point 7 of these Guidelines to ensure compliance with the IOM Development Fund specific requirements.

11. Ensure proper use of the WBS budget lines for Staff, Office and Operations by charging only costs relevant to each of the WBS budget lines. Costs that are charged on a wrong WBS budget line without relevance or for unclear reasons 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.
12. 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

13. 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 Form.4

14. 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.

15. 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

16. 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. Once the Fund clears the financial report, it will be forwarded to RAS for the final review and endorsement.

17. Projects with a duration of 12 months and beyond (including extensions) require an interim financial report every 6 months 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.

18. 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.

VII. Project Completion and Final Project Balance

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

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

4 http://www.iom.int/developmentfund/templates.htm - For IOM Development Fund Budget Monitoring and Revision Form
21. 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.