

**SECTION 3  
TERMS OF REFERENCE  
GOVERNANCE AND TRANSPARENCY FUND  
FUND MANAGER**

**Introduction**

In the recent DFID White Paper, entitled ‘making governance work for the poor’, the Secretary of State, Hilary Benn MP, said:

To achieve lasting improvements in living conditions for large numbers of people, the capacity and accountability of public institutions needs to be strengthened. That’s why DFID already does so much to help developing countries build their capacity in areas like public financial management, police and civil service reform, and health and education. We will continue with this work and build on it. But we will also do much more at the grassroots end of political governance, working with organisations that train citizens’ groups in budget monitoring to make sure that money is spent where it’s supposed to be; increasing our support to a free press and media in developing countries; and offering much more support in areas like elections, human rights, parliament and trade unions.

In order to ensure that DFID delivered on this statement, the White Paper committed DFID to:

Set up a new £100m Governance and Transparency Fund to strengthen civil society and the media to help citizens hold their government to account.

In September 2006, The Secretary of State formally launched an 8 week open public consultation on the draft criteria for the Governance and Transparency Fund (the Fund). This process attracted a wide range of views from organisations based both here in the UK and overseas. The responses from this feedback were used to shape the final criteria for the Fund which was launched by the Secretary of State on 19 February 2007 and can be found on the DFID website ([www.dfid.gov.uk](http://www.dfid.gov.uk)).

DFID will, through a competitive tender exercise, contract an external Manager to administer this Fund.

**Overall Task**

The Fund Manager will be responsible for the technical appraisal, performance assessment and all day to day administration of the Fund. This will involve:

- undertaking professional appraisal of all Concept Notes
- undertaking professional appraisal of all Proposals (including budgets and logframes)

- providing funding recommendations to DFID
- providing constructive feedback to all unsuccessful applicants
- negotiating and agreeing detailed project budgets for all successful applicants
- issuing all grant agreements
- checking, authorising and payment of all grants
- providing advice and guidance to all grant holders
- appraising all annual reports, evaluation reports and programme completion reports
- submitting to DFID an annual progress report on the Fund as a whole
- providing advice and guidance to all enquirers about the Fund
- maintaining a comprehensive database and financial records of all grants and applications
- setting up and maintaining a Fund specific website

The Fund Manger should have:

- a strong understanding of organisations working on governance and transparency issues
- an experienced core team able to maintain quality control over the assessment, appraisal and programme management process
- the ability to provide a diverse team, especially in terms of gender, ethnicity, professional background.
- experience of undertaking appraisal of project proposals as part of a competitive application process
- experience of managing grant funding schemes
- the ability to correspond clearly and effectively with a wide range of contacts
- a good understanding of performance assessment methodologies and practices

- practical experience of working on a range of development issues in the South, including disability, HIV/AIDS, gender and environment
- the financial skills and experience necessary to successfully manage a £100m Fund

## **Inputs**

It is our intention that the full £100m budget will be allocated on the basis of one round of applications to be appraised and decisions made some time in mid to late 2007.

The Fund will be open to proposals from not for profit organisations both here in the UK and overseas. Proposals will be for portfolios of projects lasting up to 5 years and with a total value of between £750,000 and £5m. It is difficult to assess the potential number of applications to be appraised. However, based on the level of interest in the consultation process it is likely that this will be a very popular Fund which will attract large numbers of applications.

The Fund Manager may be expected to provide a greater number of person days in the first 12 months as Concept Notes and Proposals are being assessed and feedback provided; budgets are negotiated and agreed; and grant agreements are issued. In subsequent years there should be no proposals to be appraised nor grant agreements to issue. There will be annual reports to be appraised and responded to and there will also be continuing day to day management of funded portfolios. However, we would expect there to be a reduction in person days required.

The contract period will be for an initial 36 months with the possibility of an extension for a further 24 months. The Fund Manager will be expected to take up the following tasks in early May 2007.

## **SPECIFIC TASKS**

### **Concept Notes**

On launching the final criteria for the Fund on 19 February 2007, the Secretary of State invited potential applicants to begin working on Concept Notes (a final date for submission of Concept Notes will be set once we have contracted the Fund Manager).

All Concept Notes will be sent directly from applicants to the Fund Manager who will, using the criteria as specified in the guidelines covering the Fund:

- send an acknowledgment of receipt to all applicants within 3 days of receipt
- undertake a full and comprehensive appraisal of all Concept Notes

- provide the DFID Project Officer with details of all recommendations prior to issuing decision letters
- provide comprehensive feedback to all rejected applicants within 4 weeks of receipt of the Concept Note
- provide successful applicants with an invitation to submit a full proposal within 4 weeks of receipt of the Concept Note
- use the core team to manage a quality control process to ensure consistency of recommendations
- maintain database records of all Concept Notes and subsequent correspondence

The Fund is expected to receive Concept Notes from a very diverse group of applicants therefore it is important that the Fund Manager is able to produce correspondence which is written in plain English and easily understood by all applicants.

## **Proposals**

Using the criteria as specified in the guidelines covering the Fund, the Fund Manager will be expected to:

- undertake a full technical appraisal of all proposals received taking account of all comments received from DFID. This includes a comprehensive review of any logical framework and budget included with proposals
- send an initial letter to all applicants highlighting areas of concern or requesting further information/clarification
- use the core team to manage a quality control process to ensure consistency of assessment
- provide DFID with details of funding recommendations (the DFID Project Officer will make a proposed format available)

Final funding decisions will be made by DFID. The DFID Project Officer will inform the Fund Manager of the projects to be supported and rejected. On receipt of these details the Fund Manager will:

- provide all unsuccessful applicants with a decision letter, including comprehensive feedback

- write to successful applicants with a provisional offer of support (the offer is conditional on agreement being reached on a final project budget)

The Fund is expected to receive proposals from a very diverse group of applicants therefore it is important that the Fund Manager produces correspondence which is written in plain English and easily understood by all applicants.

### **Grant Agreements**

The Fund Manager will be responsible for issuing of all grant agreements for successful Fund applicants (the DFID Project Officer will provide the Fund Manager with a draft grant agreement).

The Fund Manager will ensure that all outstanding issues, raised either through the appraisal process or through feedback from DFID, have been clarified or resolved to the satisfaction of both the grant holder and the Fund Manager, before any grant agreement is issued. This will include negotiations and agreement on final programme budgets.

The Fund Manager will be expected to ensure that all grant agreements are returned on time and signed by an appropriate representative of the grant holder.

### **Financial Management**

The Fund Manager will be responsible for all financial aspects of the Fund. This will include:

- negotiating and agreeing budgets for all approved grants
- production and issuing of grant agreements
- checking, verifying and authorising of all claims, ensuring grants are claimed in accordance with agreed budgets
- disbursement of grants on a quarterly basis
- agreeing appropriate budget amendments and issuing of revised grant agreements
- monitoring of the Fund budget
- producing quarterly financial returns for the Fund and submitting these to the DFID Project Officer

It is likely that the vast majority of payments grants approved under the Fund will be disbursed as quarterly advance payments with grant holders providing actual expenditure details at the end of each quarter.

We are currently exploring various options for advance payments and cannot, at this stage, confirm the approach we would wish the Fund Manager to take. However, potential Fund managers are requested to indicate in their bid how much they would charge DFID for paying and administering advances from their own funds (these would be reimbursed by DFID on a quarterly basis).

## **Annual Reports**

All grant holders are required to produce and submit annual reports on their grant for appraisal. These reports are submitted directly to the Fund Manager to log receipt and send acknowledgement (within 3 days of receipt). The Fund Manager will then:

- undertake a full and comprehensive appraisal of all annual reports
- use the core team to manage a quality control process to ensure consistency of appraisal
- provide the grant holder with a written appraisal of the annual report within 8 weeks of receipt
- discuss issues of concern, arising from appraisal of the annual report, with the grant holder
- maintain a database of all reports received and assessments made

The Fund Manager will be expected to actively pursue those grant holders who fail to submit annual reports on time. The Fund Manager will report any concerns about annual reports to the DFID Project Officer.

## **GTF Project Completion Reports (PCR)**

All grant holders must complete a Project Completion Report for their grant (the DFID Project Officer will provide a draft format). All such reports will be sent to the Fund Manager who will be expected to:

- undertake a full and comprehensive appraisal of all PCRs
- use the core team to manage a quality control process to ensure consistency of appraisal
- provide the DFID Project Officer and the grant holder with a written technical appraisal of the PCR within 8 weeks of receipt

- maintain a database of all PCRs received and assessments made

The Fund Manager will be responsible for ensuring receipt of the PCR within 4 months of the end of the grant period.

### **Evaluation Reports**

All grant holders will be required to commission an independent external evaluation of their **portfolios**. The timing of this evaluation will be agreed between the grant holder and the Fund Manager when the grant is approved. The Fund Manager will be expected to:

- undertake a full and comprehensive appraisal of all evaluation reports
- use the core team to manage a quality control process to ensure consistency of appraisal
- provide the DFID Project Officer and the grant holder with a written technical appraisal of the evaluation within 8 weeks of receipt
- maintain a database of all evaluation reports received and assessments made

The Fund Manager will be responsible for ensuring receipt of the evaluation report by the agreed date.

### **Reporting on Performance of the Fund**

The Fund Manager will provide the DFID Project Officer with an annual report on the performance of the Fund (**WHEN?**). This will include:

- details on the number of Concept Notes, full proposals, annual reports, PCRs, evaluations etc appraised and staff time spent on these
- details on response times to applicants
- a detailed overall assessment of the impact of the Fund over the year
- an annual financial report on the Fund
- recommendations of any remedial actions required for individual projects
- recommendations on any changes in process or Fund criteria