



Procedures and Regulations



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1. Conditions for Project submission

Projects and programs to be submitted must conform to the following conditions established in the Policy of the SMDF.

- 1.1. Only Non-Governmental Organizations (NGO'S) can be considered for project financing through the SMDF;
- 1.2. Only SMDF application forms will be accepted. Such application forms can be submitted in hard copy or via e-mail clearly marked "Project request SMDF";
- 1.3. Applying NGO's must have the following documents included with their applications:
 - a) Articles of Incorporation
 - b) Chamber of Commerce extract – not older than 6 months
 - c) Declaration from Tax Inspector & crib number
 - d) Last Profit & Loss statements balance sheets
 - e) Budget & Financing Plan
 - f) Time planning for project
- 1.4. All project funding applications are to be completed in the English language.

A project application which does not conform to these conditions will not be processed.

Assistance with respect to completion of the application form is available.

2. Application Procedures

The SMDF has a standard procedure for project and program funding applications as detailed further herein:

2.1. Project Proposal:

Project proposals from Non Governmental Organizations are classified in three categories:

- | | |
|-----------------------------------|---------------------------------------|
| A. Small funding requests | NAfls. 10,000 or less |
| B. Medium funding requests | NAfls. 10,001 to NAfls. 50,000 |
| C. Large funding requests | NAfls. 50,000 and above |

The amounts reflected above are not necessarily the cost of the project but the amount the NGO is requesting from SMDF. NGO organizations may request partial funding of projects and programs.

2.2. Time lines:

Project applications may be submitted at any time to SMDF and are subject to perusal and assessment based on the Policy plan of SMDF.

Unless additional information is required following receipt by SMDF of a project application, the following time lines will be observed within which a decision will be given regarding the assessment process of the submitted project:

- a) For projects up to NAfls. 10,000 (small projects) and up to NAfls. 50,000 (medium projects) – within 30 days after receipt of the application.
- b) For projects larger than NAfls. 50,000 - within 60 days after receipt of the application.

If additional information is required after receipt of the application for funding from the NGO, the time lines aforementioned do not apply. Time lines commence upon satisfactory completion and receipt of all required information and at the start of the project assessment process.

3. Project receipt & assessment

An NGO will receive within 10 days after submission of an application for project funding, written acknowledgement with respect to the completeness of the submitted documentation.

3.1 Satisfactorily completed applications:

This notification will include the following:

- a) That the application has been positively reviewed and will be processed;
- b) The assessment timeline of the submitted project financing request;

In the event the application form is incomplete or lacking information, the NGO will be notified within ten (10) days with a summary of the information lacking. Assistance with respect to completion of the application form is available.

3.2 Application Review:

The application review conducted by SMDF is intended to establish if the project proposal lies within the policy of SMDF, benefits the identified vulnerable groups and fit within the three (3) Social pillars identified by SMDF.

The following are some points of consideration for the review:

- 3.2.1. The project application must be from an NGO registered on St. Maarten at the Chamber of Commerce and at the Inspector of Taxes with a Crib number.
- 3.2.2. The project application and proposal must fit within the Policy and Bi-Annual plan of SMDF (Social empowerment, district & community improvement and poverty alleviation).
- 3.2.3. The project proposal and related supporting documentation must be duly completed.

- 3.2.4. There will be an assessment to establish if similar project proposals have been or are being executed with similar goals.
- 3.2.5. If SMDF has sufficient funding available based on the allocation of funding per area of vulnerable groups and Policy theme within the Bi-Annual plan.
- 3.2.6. An assessment will be performed if multiple applications were submitted for certain areas.
- 3.2.7. Decisions regarding project approval and funding are also contingent on the quality of submitted project financing request.

3.3 Rejection:

Sint Maarten Development Fund can reject an application in the event that:

- a) That the applicant is not an NGO;
- b) In the event the application form is submitted in a language other than English;
- c) An application does not comply with the items under application review.

3.3.1. In the event there is no funding remaining for project financing in a particular year, SMDF will hold the application on file and inform the NGO. Rejected applications and the thereby related documents will remain on file with SMDF and will not be returned to the applicant.

3.3.2. Should the SMDF determine on further review of the re-submitted application, that there is no improvement in the quality or completeness of the required application, the NGO will be then notified in writing that the amended project proposal application cannot be accepted.

3.3.3. Project denial can include an evaluation meeting of the areas that need improvement if the NGO so desires. An adjusted or amended project proposal after denial will be considered a new project proposal.

4. Validation process

Providing an application has been satisfactorily reviewed, a validation process will commence consisting of two segments:

- 4.1 An assessment of the program and project
- 4.2 A technical assessment

4.1 Assessment of the program and project:

The assessment of the program and project must comply with the following criteria:

- a) The outcome of the project should be positive, desirable and inspiring to all organizations involved;
- b) The project should be relevant, effective and fit into the mission of SMDF based on one or more of the pillars identified and one or more of the target groups;
- c) The project should be well structured and the goals must be clear;
- d) The project must be efficient and where applicable seek to promote cooperation between the NGO's, Government and the private sector;
- e) The project should be critical of the costs in connection with the quality of the outcomes;
- f) The project must be achievable and sustainable and not only focus on the realization of the project;
- g) The project should focus also on the maintenance and sustainability;

4.2 Technical Assessment:

The Technical assessment will evaluate the following:

- a) Budget for the execution of the project
- b) Quality of the project proposed (QUALITY ?)
- c) The planning presented for the project
- d) Conditions with the project

All evaluations performed by SMDF are done via a checklist. NGO's submitting projects may review the assessment results of their submitted project proposals upon request.

4.3 Scoring and Project Approval:

The project assessment process is conducted on the two sections with scores from 1 (not good) to 5 (very good). The scoring is tabulated to obtain the scoring per section (program & project – technical).

- A. In the event a project proposal scores a 1 (not good) for any section of the validation process, the Project will be turned down or denied. An amended project proposal can be submitted by the NGO and will have to follow the assessment procedure anew.
- B. NGO's with project proposals that score insufficiently (2) per evaluation section will be invited to submit within 10 days after notification, a revised project proposal and advised where improvements are needed. The applicant will also be advised when the project proposal can be reconsidered again. If the re- submitted project proposal still does not meet the minimum required scoring, the project will be denied.
- C. Projects with a scoring of 60 or less will not be approved.
- D. Should a project proposal score between; 61 – 70, the NGO will be given additional conditions for project monitoring and execution by SMDF.
- E. Projects with a score of 71 or greater; will be considered satisfactory.

4.4 Project Kick off Meeting:

A meeting will be scheduled by SMDF and representative(s) of the NGO for a project which has been approved for funding prior to execution of the financing agreement to discuss the conditions, procedure terms and special conditions. The meeting shall agree to a timeline and action plan. The minutes of this meeting will be approved by the NGO representative(s) and SMDF within 5 days following the meeting.

The evaluation forms/ checklist used by SMDF are available on request.

If a project is approved, SMDF will submit a draft financing agreement to the NGO accompanying the notice of approval.

5. Financing Agreement & terms

The financing agreement to be executed between SMDF and the NGO is not limited to, but contains the following terms:

- a) The subject of the agreement;
- b) The timeframe of the agreement;
- c) Available budget for the program or project;
- d) Mandatory Reporting obligations;
- e) Attaining of objectives/ goals;
- f) Payment terms and Penalties;
- g) Monitoring & evaluations;
- h) Authorized person to execute on behalf of NGO.

Special conditions can be included by SMDF contingent on the type of project. For example for large approved projects, the SMDF may require a segregated special Bank account where funds from SMDF will be deposited and from which account the NGO will disburse payments.

Once the Financing agreement is signed between the NGO and SMDF and a project start date has been established, an advance payment can be made.

Should a project not start within 60 days following receipt of the first payment by the NGO in accordance to the financing agreement, the financing will terminate by notice. Said first payment to the NGO must be returned to SMDF. This condition will be explicitly included in the financing agreement.

6. Project execution and delivery of Goods & services

The Management and supervision of the project and program is the responsibility of the NGO submitting the project application. The NGO may sub contract the Management & supervision of the project to a third party, with due notice to the conditions of SMDF. See sub contracting below. It should be noted that the NGO applicant remains responsible and accountable.

6.1 Sub-contracting:

In consideration for work to be sub contracted, a bidding procedure must be followed, further in consideration of the guidelines herein outlined. Sint Maarten law will apply to with respect to the bidding procedures for work to be sub contracted. The NGO submitting a project is responsible for the bidding procedures with oversight by SMDF.

6.2 For professional consultancy services:

The outsourcing of consultancy services shall be guided by the law “Guidelines for Consultant services” as published October 23, 1997 shall apply for professional consulting services to be outsourced. Exceptions herewith can only be granted in exceptional circumstances by approval of the Director of SMDF.

6.3 For delivery of goods:

The SAAB (explain) regulations shall apply, with the understanding that SMDF will be considered the “internal expert” mentioned therein.

- a) For any amount exceeding NAfls. 100,000 for delivery of goods, the SMDF requires a public bidding procedure. Exceptions herewith can only be granted in exceptional circumstances by approval of the Director of SMDF.
- b) For amounts between NAfls. 5,000 and NAfls. 100,000, a bidding procedure with quotes from three (3) suppliers will suffice.
- c) For an amount below NAfls. 5,000, competitive research pricing is acceptable.

6.4 External Accountant services:

For funding requests above; NAfls. 10,000, the SMDF requires quotes from three (3) external accounting firms accompanying the application forms. NGO applicants can request the required format for the controls needed by SMDF.

6.5 Bidding advice:

In the event bids are required as outlined before, the NGO as owner of the project being submitted for funding, is required to submit the bidding advice or proposal to SMDF for written approval. The terms for approval will be within the time lines outlined for each project funding request.

If a budget contains “Unforeseen or contingency fees”, the NGO will require approval by SMDF for the provision of such accounts.

6.6 Contract for Project execution:

After completion of bidding between the NGO and the supplier of services or consulting services, a contract must be executed by and between the NGO and the selected service provider. Any contract exceeding NAfls. 10,000 require prior approval from SMDF prior to execution between the NGO and the service provider.

7. Project monitoring and reporting

1. The NGO is responsible for effectively monitoring the execution of an approved project to achieve the desired results. SMDF is responsible for monitoring the effectiveness (results) of an approved project.
2. The planned outcomes and indicators should be used to compare the real outcomes with the planned outcomes.
3. Payment terms as contained within the Financing agreement are conditioned to the monitoring of the execution of the project. Monitoring is of importance to gain insight in the financial and quality progress of a project.
4. The NGO must timely and accurately complete “progress reports” within the terms mentioned in the financing agreement to insure funding dates by SMDF are met.

The “project progress reports” consist of the following:

- a) Progress of the project with respect to the planning agreed upon in the application in comparison with the execution phase taking dates and costs in consideration;
- b) The progress reports should be accompanied by original invoices to the NGO with date and invoice detail for services or goods. The invoices should tie into with the goods received, services rendered, payments made and the funds remaining supported by Bank statements;
- c) The NGO is required to submit “cashflow projections” with expected accounts to be paid (payables) for the project together with the progress report. There can be variations to the amounts as reflected in the signed financing agreement;

- d) The progress reports of SMDF are in a fixed format. The use of such format is compulsory. These forms are available in soft or hard copy at the offices of SMDF.

8. Project closure

A “project closure report” mentioned in the financing agreement should be completed by the NGO for a project which is ending. This closure report should be accompanied by a report from the external accounting firm engaged by the NGO for agreed upon procedures within 30 days after project closure. If the report and findings of the external accountant is to the satisfaction of SMDF, the project may be formally considered closed. Should the report and findings not be to the satisfaction of SMDF penalties will apply.

The project closure will in such a case be communicated to the NGO in question with mention that there will be no further obligations between SMDF and the NGO.

In addition, SMDF will advise the NGO that all further obligations with respect to the project, thus ended, will be carried by the NGO.

9. Penalties

Penalties can be imposed in the following events by SMDF on an NGO with an approved project in execution:

- 9.1. In the event progress reports are not timely completed or if contractual agreements, procedures and obligations are not being met with or carried out;
- 9.2. In the event progress reports are late, notice will be given by SMDF for the delivery of such. It will be the responsibility of the NGO to give reasons for the delay and to commit to a delivery date. SMDF will

evaluate the reasons given and consider the proposed new date for delivery of the progress report;

- 9.3. In the event obligations mentioned in the financing agreement are not met, SMDF may cease all payment obligations to the NGO with due notice;
- 9.4. In event of further breach of reporting or failure to carry out obligations and agreements, the defaulting NGO may be excluded from submitting projects. The NGO will be notified thereof.
- 9.5. In addition, in the event no solution is found within 6 months following the breach of reporting or failure to carry out contractual obligations, SMDF may commence legal proceedings to recover amounts paid to the NGO in breach of the financing contract.

10. Program Evaluations

NGO's will be requested to cooperate and lend assistance in the evaluation process. Such evaluation may take place based on the Annual Plan mid- year or at the end of the Program.

11. Project evaluations

NGO's will be responsible for an evaluation to be carried out by an independent entity, approved by SMDF, subject to the terms of the financing agreement and the therein reflected budget. The evaluation is a component of the project proposal. Subcontracting of the evaluation is subject to terms of agreement for "subcontracting services".

12. Disputes and Complaints

An NGO not in agreement with a decision taken by SMDF; may submit within 20 work days after receipt of such decision a letter with motivation to the Director of SMDF. The Director of SMDF shall react within 10 work days after receipt of such letter.

In the event of disputes, complaints or disagreements, the Director of SMDF will take the initiative to resolve the dispute, complaint or disagreement by calling a meeting between parties with the aim to resolve the matter amicably.

Any and all unresolved disputes can be brought before the Court of First Instance of St. Maarten.