

REGULATION
on Provision of Grants
by Eurasian Fund for Stabilization and Development

2015

I. General

1. This Regulation defines conditions and procedures for provision of resources of the Eurasian Fund for Stabilization and Development (hereinafter - **Fund, EFSD**) in the form of grants.

2. This Regulation has been developed in accordance with the Statute of the Eurasian Fund for Stabilization and Development (hereinafter - **Statute of the Fund**), which constitutes an integral part of the Treaty on the Establishment of the Eurasian Fund for Stabilization and Development (hereinafter - **Treaty on the Establishment of the Fund**), signed on 9 June 2009 in Moscow by the Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Kyrgyz Republic, Russian Federation and Republic of Tajikistan.

3. This Regulation is approved by the Fund Council in accordance with **paragraph 2 (l) of Article 13** of the Statute on the Fund as an official document of the Fund as per **Article 2** of the Statute of the Fund.

4. The terms and definitions used herein shall have the following meanings:

a) **Grant** – resources of the Fund provided to a member state as non-repayable assets for financing projects;

б) **Recipient** – member state, party to the Fund Grant Agreement;

в) **Project** – a plan of interrelated activities, carried out over a period of time, aimed at facilitating solutions to social and economic problems of member states of the Fund in an effort to achieve the goals of the 2030 Agenda for Sustainable Development, adopted by the UN General Assembly 25 September 2015;

г) **Grant Agreement** – an agreement between the Manager, acting on behalf of the Fund member states, and the Recipient, on provision of a Grant;

д) **IFO** – international financial organizations, established in compliance with International Law on the basis of intergovernmental agreements, and having international legal capacity;

All other terms and definitions used herein have the same meaning as in the Treaty on the Establishment of the Fund, in its Statute, or as defined by the context hereof.

5. The limits, made available for Grants, are determined annually by the EFSD Council in amounts up to 10% of net profit of the Fund according to the audited financial statements for the previous year.

II. Conditions for Provision of Grants

6. Grants are provided to member states of the Fund with a per capita Gross National Income below the threshold established by the Fund Council upon recommendation of the Manager.

7. Grants are intended for funding projects in the following sectors:

- Education;

- Healthcare;
- Improvement of public administration;
- Social security and protection, including food security.

8. Grants are provided in US\$ and/or EUR. Grants for one project will be allocated in the following amounts:

- At least US\$ 500,000 (five hundred thousand), but no more than US\$ 2,000,000 (two million) for projects with implementation terms of up to 1.5 years;
- At least US\$ 2,000,000 (two million), but no more than US\$ 5,000,000 (five million) for projects with implementation terms of 1.5 years and more (medium-term projects).

The above minimum and maximum amounts of Grants may be revised by the Fund Council for any specific project as advised by the Manager.

9. Implementation of Projects is the responsibility of the Recipient. Progress of project implementation and proper use of the Grants is monitored by the Manager in accordance with terms and conditions of the Grant Agreements.

Grants, if misused, i.e. used in violation of the purpose thereof, as specified in the relevant Grant Agreement, shall be subject to repayment by the Recipient.

10. The mandatory requirements to be met by Recipients to qualify for grants are as follows:

- Compliance with commitments to making contributions to the Fund, as well as discharge of other obligations under the Treaty on the Establishment of the Fund, the Statute of the Fund and decisions of the EFSD Council made pursuant to said documents;
- Compliance with obligations under its prior funding agreements signed with EFSD;
- Compliance with its commitments to other member states of the Fund and/or any IFOs in debt service or repayment of public debt.

11. In decision making on authorizing a Grant the following factors are taken into account:

- Institutional capacity of potential Recipients to be used for adequate spending of the funds provided within a specified timeframe and for achieving specified indicators and performance outputs of programs and projects, leveraged by the Fund.
- Share of the Recipient's own funds earmarked for financing of the Project.
- Available limit amounts at the Fund for provision of the requested Grant, subject to paragraph 5 hereof.

12. Grants may be used for funding Projects co-financed by the Recipient, as well as by IFOs and other stakeholders.

13. EFSD member states enter Grant funds into their national budgets.

III. Procedure for Provision of Grants

14. Decision to award a Grant is made by the Fund Council on the basis of examination of the following documents:

- Grant Application of the Recipient (hereinafter - Application);
- Manager's appraisal report on the Application (hereinafter - Appraisal);
- Evaluation report of the Council of Experts on the Application.

15. Pursuant to the decision of the Fund Council and in accordance with paragraph 5 hereof, the Manager issues a call for Applications for competitive selection at least once a year (if so decided by the Fund Council) indicating a deadline for submission of Applications. The above call is posted on the official website of the Manager.

16. The Application is prepared by the Recipient in the form attached hereto as Appendix 1, is signed by an authorized representative of the Recipient and dispatched to the Secretariat of the Fund with a cover letter of the Recipient's authorized representative in the Fund Council, addressed to the Chairman of the Council, within the timeframe set for submission of Applications. The said Application form may be modified by the Manager, as and when required, and the Manager notifies accordingly those concerned in the call for competitive selection with the updated form attached thereto.

17. In accordance with the Agreement on Management of Fund Resources the Manager reviews and evaluates the Applications for compliance with the mission of the Fund, with Grant sector requirements, with the regulations and conditions for provision of the Grant, as defined by the Treaty on the Establishment of the Fund, with the Statute of the Fund, with this Regulation and relevant decisions of the Fund Council, with priority areas and efficiency of financing activity, as well as depth of elaboration of bids and other issues. The Manager also evaluates the following characteristics:

- a) Reasonableness of requested amounts and Grant disbursement timeframe;
- б) Depth of elaboration of the Project, rationale for its implementation, expected benefits, feasibility of specified performance outputs;
- в) Rationale of the Application in terms of availability of relevant information and supporting documentation;
- г) Availability of government support for the Project;
- д) Compliance with the mission of the Fund and with development priorities of the Recipients;
- e) Other relevant parameters, as may be required.

Following the above evaluation of the Applications, the Manager prepares recommendations on priority Projects for funding and on conditions for provision of Grants to potential Recipients.

In the process of Application examination the Manager and the Recipient, if necessary, communicate with each other in order to ensure collection and updating of the relevant information and documents.

18. The evaluations, recommendations, advice and other reactions of the Manager on the Application are documented in the form of Appraisal Report.

19. The Manager files the Appraisal Reports with the Applications in accordance with requirements to preparation of documents for the Fund Council meetings, as defined by the Regulation of the EFSD Council of Experts, and forwards them to the Council of Experts for examination and preparation of an evaluation report, which will be considered by the Fund Council in compliance with the procedure established by the Statute of the Fund and the Regulation of the EFSD Council of Experts.

20. Grants are authorized by the Fund Council on the basis of the documents listed in paragraph 14 hereof. The decision of the Fund Council contains the following items:

- Recipient;
- Grant amount and currency;
- Date of termination of Grant availability;
- Project objectives;
- Other parameters the Fund Council may deem substantive.

21. The Manager, in accordance with the Fund's cash flow projections based on commitments previously assumed pursuant to the relevant decision of the Fund Council, informs the Council about the Fund's cash credited to the Manager's account in amounts sufficient for performance under the approved Grant Agreements for the Fund Council's decision to call for payment against the Fund's bills of exchange.

22. Disbursement of the Grant is performed by the Manager, acting on behalf of the Fund member states, in accordance with the Grant Agreement between the Manager and the Recipient. Grant Agreements are prepared by the Manager and approved by the Fund Council.

23. The Manager includes into the above Grant Agreement a commitment of the Recipient to ensure compliance with the Procurement Policy for projects financed by the Fund.

24. Modifications and amendments to duly executed Grant Agreements are made by the Manager subject to approval by the Fund Council upon recommendation of the Manager, if said modifications and amendments relate to:

- Increasing the total amount of the Grant;
- Project objectives;
- Reduction of the share of the Recipient's own funds in project financing package;
- Date of termination of Grant availability;
- Application of rules and procedures of other IFOs for the purposes of the Grant Agreement;
- Other conditions, which according to the relevant decision of the Fund Council on any specific Grant, expressly require the Council's approval of any

modifications or amendments.

In all other cases, modifications and amendments are made by the Manager and do not require approval of the Fund Council.

25. The Manager may suspend and resume disbursement of the Grant funds in accordance with the terms and conditions of the Grant Agreements subject to prior notification of the Council of Experts of the Fund and the Fund Council for further action.

Application by the Manager of penalties pursuant to the Grant Agreement, such as termination of the Recipient's right of disbursement and of claiming repayment of previously disbursed funds, is subject to the relevant decision made by the Fund Council on the basis of the evaluation report of the Council of Experts provided in accordance with the Regulation of the EFSD Council of Experts.

26. At each regular meeting of the Fund Council the Manager submits a progress report on performance under the Grant Agreements and on the need to amend their terms and conditions in due process as required by the Statute of the Fund and the Agreement on Management of Fund Resources.

27. In the process of examination of the Application, as well as during the term of the Grant Agreements, the Manager's staff and representatives must comply with confidentiality requirements in respect of information, agreed upon with the relevant Recipient (hereinafter - Confidential Information), including:

- Undertaking to keep such information secret in the interests of the Recipient, not to use Confidential Information, except in cases when such use is required for the benefit of the Recipient (upon consent of the Recipient), as well as not to make copies of such Confidential Information without express permission of the Recipient;
- Undertaking not to disclose Confidential Information in publications or in any other way to any third party, except upon consent provided by the Recipient to such disclosure and given available confidentiality arrangements with said third party, as well as except in cases of presenting Confidential Information to the Council of Experts of the Fund and to the Fund Council for decision-making on Projects.

In agreeing upon the proposed list of Confidential Information compliance is required with generally accepted principles of transparency and openness regarding information on activities carried out under the auspices of the Fund.

28. Guided by the international principles of openness and disclosure requirements, the Manager posts information on provision and disbursement of Grants on its official website.

29. This Regulation contains the following Appendix, which constitutes an integral part thereof:

Appendix 1. Model Form of Application of Fund Member State for EFSD Grant.

to Regulation on Provision of Grants
of Eurasian Fund for Stabilization and Development

Approved by the Council of the Eurasian Fund
for Stabilization and Development

(Minutes # __ of “_” _____ 2015)

**Application
of Fund Member State for EFSD Grant**

1. Background Information	
Name of Project	
Social Sector:	(education and schooling; healthcare; public service; social security and services; food security)
Recipient:	
Other organizations participating in implementation:	
Project implementation term:	

2. Financial Information:	
Total project cost (US\$):	
Requested amount of EFSD grant (US\$):	
Other sources of funding (US\$):	
Description of other sources:	

3. General Information on Public Program and Project

4. Information on Grant	
A. Project objectives and expected results	
B. Assessment of motivation of project stakeholders	
C. Key performance indicators and project phases	
Indicator 1:	
Baseline	

Target:	
Indicator 2:	
Baseline	
Target:	

5. Grant Components and Outcome	
Component 1:	(Name of Component)
Amount (US\$)	
(Description of component)	
Component 1 implementation results:	
Activity 1:	
Result:	
Activity 2:	
Result:	
Component 2:	(Name of Component)
Amount (US\$)	
(Description of component)	
Component 2 implementation results:	
Activity 1:	
Result:	
Activity 2:	
Result:	

6. Risk Analysis

7. Budget Plan			
Expense Category	Grant Funds (US\$)	Other	% of EFSD grant
1. Consulting			
2. Goods and Services			
3. Operating			
4. Training and tutorials			
Total:			

Component 1:	(Name of Component)					
Funding of Component 1 from the grant (US\$):						
Funding of Component 1 from other sources (US\$):						
Activity 1:	(Name of Activity)					
Expense Category	Description of expenses	Q-ty	Unit Cost (US\$)	Grant	Other	Total

1.1. Expected result:	(Description of expected result)					
1. Consulting						
2. Goods and Services						
3. Operating						
4. Training and tutorials						
Total:						
1.2. Expected result:	(Description of expected result)					
1. Consulting						
2. Goods and Services						
3. Operating						
4. Training and tutorials						
Total:						
Activity 2:	(Name of Activity)					
Expense Category	Description of expenses	Q-ty	Unit Cost (US\$)	Grant	Other	Total
2.1. Expected result:	(Description of expected result)					
1. Consulting						
2. Goods and Services						
3. Operating						
4. Training and tutorials						
Total:						

Component 2:	(Name of Component)					
Funding of Component 2 from the grant (US\$):						
Funding of Component 2 from other sources (US\$):						
Activity 1:	(Name of Activity)					
Expense Category	Description of expenses	Q-ty	Unit Cost (US\$)	Grant	Other	Total
1.1. Expected result:	(Description of expected result)					
1. Consulting						
2. Goods and Services						
3. Operating						
4. Training and tutorials						
Total:						
1.2. Expected result:	(Description of expected result)					
1. Consulting						
2. Goods and Services						
3. Operating						
4. Training and tutorials						
Total:						
Activity 2:	(Name of Activity)					

Expense Category	Description of expenses	Q-ty	Unit Cost (US\$)	Grant	Other	Total
2.1. Expected result:	(Description of expected result)					
1. Consulting						
2. Goods and Services						
3. Operating						
4. Training and tutorials						
Total:						

Position, full name and signature of authorized person: