

**The Netherlands Initiative for Capacity
development in Higher Education
(NICHE)**

Handbook

Table of Contents

1. Introduction	4
1.1 INTRODUCTION TO THE NICHE HANDBOOK	4
1.2 PROGRAMME DESCRIPTION	5
1.2.1 NICHE objective.....	5
1.2.2 Eligible Organisations	5
1.2.3 NICHE Countries	5
1.2.4 Core Characteristics of the NICHE programme	6
1.2.5 Tasks and responsibilities of NICHE key actors.....	9
1.3 INNOVATION AND NEW MODALITIES	10
1.3.1 Joint initiatives.....	10
2. NICHE Programme Process.....	11
2.1 IDENTIFICATION	11
2.2 ARTICULATION	11
2.3 MATCHING SUPPLY AND DEMAND	12
2.4 THE GRANT	12
2.5 PROJECT IMPLEMENTATION	12
2.6 PLANNING, MONITORING, EVALUATION AND LEARNING (PME&L)	13
2.7 JOINT INITIATIVES	FOUT! BLADWIJZER NIET GEDEFINIEERD.
3. NICHE grant obligations	15
3.1 INTRODUCTION	15
3.2 GRANT MODALITY.....	15
3.3 OBLIGATION TO REPORT ON CHANGES TO THE OUTPUT(S)	15
3.4 MEMORANDUM OF UNDERSTANDING	16
3.5 ANNUAL REPORT.....	16
3.5.1 Annual report structure	17
3.5.2 Achievement annex	18
3.5.3 Work plan and project budget	18
3.5.4 Statement of expenditures	18
3.5.5 Auditor's report.....	20
3.6 REMUNERATION	21
3.6.1 Advance payments	21
3.6.2 Settling the account	21
3.7 NICHE ADMINISTRATION RULES	22
3.8 OWNERSHIP OF EQUIPMENT PURCHASED AND COPY RIGHT	23
3.9 INVESTIGATION & INSTRUCTIONS.....	23
3.10 ANTI-CORRUPTION CLAUSE	23
3.11 SANCTIONS	24
3.11.1 If the project does not go as planned:	24
3.11.2 If the project fails to fulfil the financial or administrative grant obligations:	24
3.11.3 If project parties fail to fulfil the reporting obligations, or fail to fulfil them on time.....	25
3.11.4 If project parties fail to fulfil the obligation to report on changes to the output(s), or fail to fulfil it on time.	25
3.12 GRANT BUDGET RESERVATION	25
3.13 HOLLAND ALUMNI NETWORK	25
4. Eligibility of costs.....	26
4.1 INTRODUCTION	26
4.2 COST CATEGORY A: TIME/INPUT BY DUTCH/EUROPEAN STAFF	27
4.2.1. List of fees.....	27
4.3 COST CATEGORY B: TIME/INPUT BY REGIONAL/LOCAL STAFF	28
4.4 COST CATEGORY C: TRAVEL, DSA AND HOTEL COSTS	29
4.4.1 Travel costs.....	29
4.5 COST CATEGORY D: PHD/MASTER'S AND OTHER TRAINING IN THE NETHERLANDS/OECD MEMBER COUNTRIES	31
4.5.1 Long-term staff training continuing after the end of the project.....	31

4.5.2 Long-term staff training continuing after the end of the NICHE programme	32
4.6 COST CATEGORY E: PHD/MASTER'S AND OTHER TRAINING LOCAL/REGIONAL	32
4.7 COST CATEGORY F: INVESTMENTS	32
4.8 COST CATEGORY G: OTHER COSTS	33
4.8.1 Project management by the requesting organisation	33
4.8.2 Costs of audit	33
4.9 COST CATEGORY H: CONTINGENCIES	34
5. Audit guidelines	35
5.1 INTRODUCTION	35
5.2 FRAMEWORK OF STANDARDS	35
5.3 REPORTING REQUIREMENTS	35
5.4 CHOICE OF AUDIT FIRM	35
5.5 OBJECTIVE OF THE AUDIT PROTOCOL AND SCOPE OF THE AUDIT	36
5.6 AUDIT METHOD	36
5.8 POINTS OF ATTENTION	37
5.9 AUDITOR'S REPORT	38
5.10 REVIEW	38
5.11 AUDIT FILES	39
5.12 PRESCRIBED MODEL FOR AUDITOR'S REPORT	39
6. Final provision	41
7. Glossary	42
A. PROFILE	53
B. PROJECT OUTLINE FORMAT	53
C. CHECKLIST ORGANISATIONAL CAPACITY ASSESSMENT (COCA)	53
D. LOGICAL FRAMEWORK	53
E. FINANCIAL FORMAT	53
F. GRANT LETTER EXAMPLE	53
G. GUIDELINES FOR MEMORANDUM OF UNDERSTANDING BETWEEN REQUESTING ORGANISATION AND PROVIDER	53
H. ANNUAL REPORT FORMAT	53
I. REPORT 0 FORMAT	53
J. ACHIEVEMENT ANNEX	53
K. SUSTAINABILITY BAROMETER	53
L. LONG-TERM STAFF TRAINING EXTENSION FORMAT	53

1. Introduction

1.1 Introduction to the NICHE Handbook

This document will elaborate on the principles and the rules and regulations that underpin the NICHE programme. Furthermore, the programme process, reporting obligations, financial and administrative aspects that apply in NICHE projects are presented. The rules and regulations described in this document also provide a basis for the audit.

Following this introduction, the history, the objective, the focus and the main characteristics of the NICHE programme are described. Finally, the roles and responsibilities of the key actors in the NICHE programme are presented.

In the chapters below, the following items are addressed:

[-Chapter 2 NICHE Programme Process](#)

[-Chapter 3 NICHE Grant Obligations](#)

[-Chapter 4 Eligibility of Costs](#)

[-Chapter 5 Audit Guidelines](#)

[-Chapter 6 NICHE glossary](#)

.

[-Chapter 7 NICHE Formats](#)

1.2 Programme Description

For more than half a century, the Dutch government has supported the sustainable strengthening of institutional capacity for post-secondary education and training in developing countries. The Netherlands Initiative for Capacity development in Higher Education (NICHE) programme is one of its support instruments.

NICHE focuses on the four policy priorities of Dutch development cooperation: food security, water, security and the rule of law, and women's rights and sexual and reproductive health and rights (SRHR). In addition, NICHE may support projects that help to strengthen higher education and technical vocational education and training (TVET) systems in partner countries.

The NICHE programme is a grant programme administered by the *Netherlands organisation for international cooperation in higher education* (Nuffic) on behalf of the Dutch government. Up-to-date information about the programme, procedures, projects and formats can be found on [Nuffic's website](#).

1.2.1 NICHE objective

Programme objective: the NICHE programme contributes to sustainable strengthening of higher education and TVET capacity in partner countries, thus contributing to economic development and the reduction of poverty.

Outcome (country level): higher education and TVET in NICHE countries respond to the development needs of the country, are gender sensitive, and contribute to the Dutch policy priorities.

1.2.2 Eligible Organisations

Support can be given to a variety of organisations in NICHE countries, including organisations for Higher education and TVET, ministries, national commissions, and non-governmental organisations (NGOs) as long as they are instrumental for capacity development in higher education and TVET.

1.2.3 NICHE Countries

NICHE focuses on fifteen partner countries with which the Netherlands has established a multi-year partnership in accordance with Dutch bilateral cooperation policy. In 2013, three types of “NICHE countries” can be distinguished:

- Active NICHE partner countries: Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mali, Mozambique, Rwanda, South Sudan, Uganda, and Yemen.
- New NICHE partner countries: Burundi, the Palestinian Territories and Burma/Myanmar.
- Phasing-out countries (NICHE projects in non-partner countries to be phased out at the latest in 2017): Colombia, Egypt, Guatemala, South Africa, Tanzania, Vietnam and Zambia. No new projects will be started in these countries.

1.2.4 Core Characteristics of the NICHE programme

Holistic approach to capacity development

In NICHE, capacity development is seen as a process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time (OECD/DAC, 2006). NICHE therefore takes a holistic approach to develop capacity in developing countries. The NICHE capacity development process is grounded in a thorough analysis of the context, the capacity needs and the implementation capability of the requesting organisation(s).

NICHE uses the 5C framework (Morgan 2006) for the analysis and as a basis for monitoring the capacity building process. The 5C framework¹ distinguishes ‘five core capabilities’ in organisations and in systems which provide a basis for assessing the capacity of an organisation or system at a given point in time:

1. The capability to act and commit;
2. The capability to generate development results;
3. The capability to adapt and self-renew;
4. The capability to relate to external stakeholders;
5. The capability to achieve coherence.

Ownership

Although the Netherlands embassies (EKN: Embassy of the Kingdom of the Netherlands) take the lead in the initial phase in the identification of NICHE intervention areas, the requesting organisations are the owners of the projects. This is crucial for the effectiveness and sustainability of the projects. Ownership has three dimensions:

- knowledge about the development intervention and what it intends to achieve,
- influence on the design and implementation of the intervention,
- interests served by the intervention.

Before and during implementation, the NICHE project must have broad support throughout the organisation, in order to create a sound basis for the project to be embedded within the organisation and to secure sustainable outcomes. It also ensures the regular participation of motivated staff in project activities. The commitment of the senior management to the progress of the project is key to its success.

The requesting organisation formulates the outcome(s) in the outline which forms the basis of the project. The provider develops the approach of the project based on the capacity analysis and needs of the requesting organisation, as described in the organisational profile and the project outline. The grant letter is awarded to both the requesting organisation and the Dutch provider which gives the requesting organisations control and responsibility in terms of accountability.

Demand drivenness

The NICHE programme follows the national priorities and local needs in a limited number of policy priorities that are in line with the Dutch bilateral programme in the countries concerned. For each of the NICHE countries, Nuffic formulates a plan for the implementation of the NICHE programme in close collaboration with the EKN, the so-called NICHE Country Programme (NCP).

¹ This framework was developed by the European Centre for Development Policy Management (ECDPM) (www.ecdpm.org)

NICHE projects are also tailored to the specific capacity needs of the requesting organisations, whether these needs are simple or complex or require either short-term or long-term interventions to tackle them. As such, the programme and the projects are driven by local demands. The EKN is responsible for communicating with the local authorities in the country concerned about the NICHE programme and about the way in which NICHE is an instrument to implement the bilateral cooperation programme.

Outcome and output steering

In the project proposal the Dutch provider proposes the outputs of the project in order to achieve the outcome(s) as formulated by the requesting organisation in the project outline. These expected outputs may change during implementation because of changing conditions or insights, but the expected outcome(s) remain(s) the focus of the project.

Cross-cutting themes

Within NICHE there are two cross-cutting themes: equal opportunities for women and men and the link between capacity development and the needs of the labour market. This means that all NICHE projects should respond to gender and local labour market needs.

- *Equal opportunities:* one of the aims of the NICHE programme is to enhance equal opportunities for women and men. NICHE projects are expected to actively promote the achievement of gender equality in project implementation as well as in the contents and delivery of education and training activities ([link NICHE gender strategy](#)). According to the millennium development goals, 2015 was the year when equality in tertiary education should have been achieved. Yet in all training institutions in partner countries, the gender imbalance is still considerable. Based on the conviction that gender equity leads to increased overall quality, the NICHE programme promotes the establishment of a strong and proactive gender culture at partner organisations. This is achieved through measures such as policies and action plans, focal points, gender-sensitive curricula and gender-oriented research. M&E systems and budget are essential prerequisites. Gender equity is further strengthened through the increased recruitment and promotion of women to positions of responsibility and role models. It is reasonable to assume that individuals with postgraduate qualifications, especially at the doctoral level, have the best career perspectives and the best chances to become influential leaders, with a critical influence on human resource management and the gender culture. Scholarships for degree training, especially at the PhD level, are in this respect a crucial promotion tool.
- *Labour market:* The education and training courses developed by NICHE projects have to enable graduates to find employment or to become self-employed. NICHE stimulates strong links between NICHE interventions and labour market needs, with a focus on vocational education and training (TVET) and entrepreneurial skill development with active involvement of third parties, including the private sector ([link NICHE TVET strategy](#)).

Organisational learning and sharing lessons

The NICHE programme aims to facilitate learning which contributes to sustainable capacity development. In addition to learning within an organisation, learning between projects is also actively promoted. Project parties are stimulated to seek collaboration with other NICHE project(s) and/or relevant actors who operate within the same policy priority or system to reach common objectives. Organisational learning is a process of systematic

monitoring and information sharing by organisations and project parties in order to use learning experiences as instruments to continuously assess and improve the functioning of a project, programme and/or organisation.

Coordination and donor harmonisation

NICHE actively pursues coordination and harmonisation of NICHE activities with those of other donor-funded programmes and will search for strong synergy with other programmes in the partner countries. Project parties have to report on the coherence of their project activities with interventions supported by other donors/organisations.

Sustainability

Successful NICHE projects lead to sustainable results, which means that project results must continue after the closure of the project. From the start of the project, the requesting organisation and the provider must plan and work towards that end. A strong commitment of the requesting organisation's higher management to the NICHE project is very important for delivering sustainable results.

Sustainability can be subdivided into four aspects:

- Organisational sustainability, where ownership, adequate management and planning are important elements.
- Technical sustainability, where adequate equipment and software are important, as well as adequate numbers of technical staff.
- Financial sustainability, where it is important that the organisation has adequate financial management, administration and funding.
- Academic sustainability, where adequate academic staff is key and where there is a demand for educational programmes and research.

Nuffic developed the 'sustainability barometer', a tool that may help project parties to gain insight into the sustainability of the project's achievements. For each aspect, specific indicators have been developed. The barometer is a snap-shot of the current situation. If the barometer is filled out regularly, one can assess whether the project is reaching higher levels of sustainability as the project matures. It may also expose possible problem areas in which specific action might be appropriate. The use of the barometer is optional.

Involvement of private sector

More and more low- and middle-income countries are not only recipients of aid but also trade partners. The Dutch government encourages investment and trade activities in these countries. The combination trade and development cooperation forms the core of Dutch development cooperation policy.

The inclusion of the private sector in NICHE projects is expected to:

- Improve the effectiveness and sustainability of NICHE projects.
- Increase the labour market responsiveness of education and training programmes.
- Provide opportunities for internships.
- Better prepare future graduates for the labour market.
- Create job opportunities.
- Enhance international trade relations beyond the project's implementation.

1.2.5 Tasks and responsibilities of NICHE key actors

The tasks and responsibilities of the key actors in the NICHE programme are set out in the table below:

Key actor	Tasks	Responsibilities
Embassy of the Kingdom of the Netherlands (EKN)	<ol style="list-style-type: none"> 1. To decide on which policy priority to focus and to indicate potential organisations to be supported through NICHE so as to ensure synergy between the EKN Multi Annual Strategic Plan (MASP) and the NICHE interventions. 2. To introduce, represent and report on the programme to the national authorities and other stakeholders in the country. 3. To facilitate coordination of NICHE with other programmes in the country. 	<ol style="list-style-type: none"> a) To safeguard coherence between MASP objectives and NICHE Country Programme
Nuffic	<ol style="list-style-type: none"> 1. To formulate NICHE country programme (NCP) together with EKN. 2. To assess the technical quality of the project outlines. 3. To find a suitable provider in the Netherlands. 4. To administrate the programme. 5. To monitor and evaluate at programme level. 6. To communicate and give feedback on the progress made within NCP to different stakeholders. 	<ol style="list-style-type: none"> a) To help realise the expected outcomes of the programme. b) To account for the use of the programme funds. c) To implement the programme in accordance with the contract for the administration of the programme.
Requesting organisation (RO)	<ol style="list-style-type: none"> 1. To complete the organisational profile and Checklist Organisational Capacity Assessment (COCA). 2. To formulate a project outline which forms the basis for a call for a subsidy tender in the Netherlands. 3. To answer questions of potential providers. 4. To take part in the Tender Evaluation Committee (TEC). 	<ol style="list-style-type: none"> a) To make staff and facilities available for the proper management, implementation and administration of the project. b) To sustain project outcome(s) and outputs after closure of the project.
Provider	<ol style="list-style-type: none"> 1. To formulate a project proposal in the bidding phase. 	<ol style="list-style-type: none"> a) To make expertise available for the proper management, implementation and administration of the project.
Project parties	<ol style="list-style-type: none"> 1. To set up a <i>Memorandum of Understanding</i> for the cooperation 	<ol style="list-style-type: none"> a) To achieve planned outcomes the project.

<p>(requesting organisation and provider)</p>	<p>between both parties for the duration of the project.</p> <p>2. To implement the project in accordance with the proposal in order to achieve the projects outcomes and outputs regarding capacity development in the requesting organisations and contributing to achieving NICHE country outcomes.</p> <p>3. To handle the (financial) administration and accounting and reporting to Nuffic.</p> <p>4. To monitor and evaluate the progress and achievements of the project, including the establishment of a baseline of the indicators at the start of the project, a mid-term and end of project evaluation.</p>	<p>b) To account for the project expenses.</p> <p>c) To fulfil the conditions in the grant.</p>
--	--	---

1.3 Innovation and new modalities

Since 2014, the Ministry of Foreign Affairs of the Netherlands and Nuffic are actively exploring new ways of capacity building in education and training, pilot projects are being launched in close cooperation with the Embassy of the Kingdom of the Netherlands (EKN) in the respective countries. As a result, in 2015 the NICHE programme has been extended with new modalities . For the new modalities procedures and regulations may differ from the ones described in in this handbook. If procedures, rules and regulation differ from the ones described in this handbook, it will be specified in the published call for tender and/or in grant letter for the project(s) in question. In these situations, the terms mentioned in the call for tender and/or grant letter prevail.

1.3.1 Joint initiatives

NICHE joint initiatives is a modality that will enable organisations to further strengthen higher education and TVET capacity in NICHE countries, by creating opportunities to strengthen the cooperative relationship previously built up in a NICHE project. A Joint Initiative project must be a follow-up of a NICHE project and must be co-financed to at least 50%.

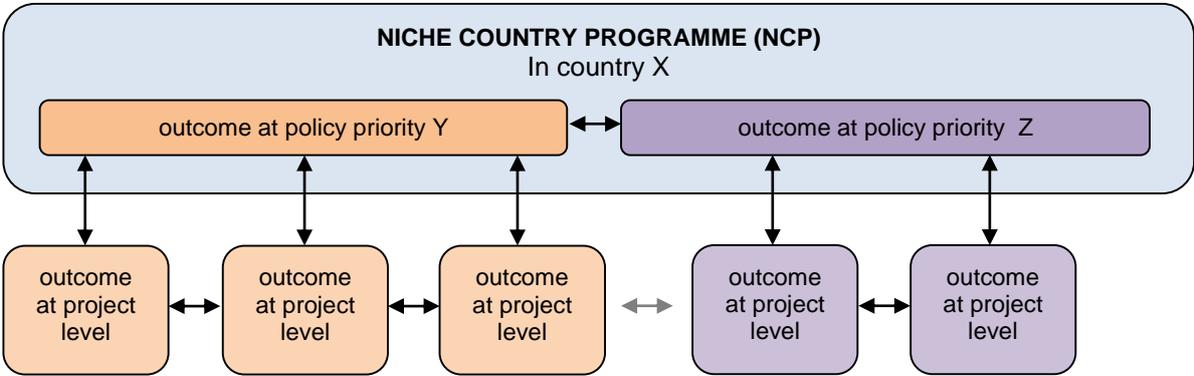
For Joint initiatives, the procedures concerning identification, articulation and matching supply and demand differ from the ones described below for regular NICHE projects. For Joint Initiatives calls for proposals are published after which proposals can be submitted. The procedures for Joint initiatives will be published in these call for proposals.

2. NICHE Programme Process

2.1 Identification

The start-up of the programme in a NICHE country is called the identification phase. In this phase, Nuffic first discusses with the EKN about the choice of policy priorities on which the NICHE programme in the country concerned should focus. Then, the division of roles and responsibilities for EKN and Nuffic, to facilitate the implementation of the programme are agreed upon. The outcomes are laid down in a **working agreement** between the EKN and Nuffic. Agreements may vary for each NICHE country.

During this phase Nuffic also prepares the **NICHE Country Programme (NCP)** which should be approved by the EKN. The NCP describes a) the policy priorities for NICHE support, b) the programme outcomes per policy priority and c) a global indication of available funds. EKN communicates about the NCP to the local authorities in the countries concerned and presents this as an instrument to help achieve the goals of the bilateral programmes.



EKN advises which organisations are suitable to take part in the programme. The outcomes of each of the NICHE projects must have a causal link with the outcomes formulated for the policy priorities.

2.2 Articulation

The articulation phase comes after the identification phase. The identified organisations are invited in writing by Nuffic to participate in the NICHE programme. Subsequently, the organisation conducts an analysis of its capabilities and defines the desired outcomes of the envisaged NICHE project. The results of this process are recorded in the **project outline**. The outline includes the organisational profile, including an analysis of capabilities (Annex 1), and the COCA (Annex 2). These documents give insight into the identity, mission and capabilities of the organisation as well as its capacity to administer externally funded projects.

The requesting organisation is responsible for writing the project outline, facilitated if necessary by a local consultant and/or Nuffic staff member. In some cases, Nuffic organises a writing workshop in which organisations are assisted in developing a project outline.

The 'project outline' serves as the basis for a public call for subsidy tender. Nuffic will assess the technical quality of the project outline as well as its link with the NCP and the needs of the requesting organisation. Only after a positive assessment by Nuffic will the outline be published.

2.3 Matching supply and demand

In order to match demand with supply as transparently and objectively as possible, projects with a budget over EUR 50,000 are put out for a public subsidy tender on a competitive price-quality basis among potential Dutch providers.

Three types of support and matching modalities can be distinguished within NICHE:

	budget	procedure
Small	< EUR 50,000	No tender procedure
Medium	EUR 50,000 – 200,000	Subsidy tender procedure – Letter of Intent
Large	> EUR 200,000	Full-fledged subsidy tender procedure

Nuffic publishes the project outline in a public subsidy tender procedure in the Netherlands. In response to the call for tender, interested Dutch organisations can submit a **project proposal**. This proposal describes clearly the expertise the provider has to offer, which outputs will be delivered in order to achieve the outcomes formulated by the requesting organisation and the budget for which the outcomes can be achieved.

The Dutch organisation may submit a proposal either on its own or in cooperation with other organisations, by forming a consortium or hiring sub-contractors. In all cases, there must be only one Dutch lead organisation. The Dutch lead organisation bears full responsibility for the grant, its obligations and all project activities implemented. This construction is known as 'single-point responsibility'. Co-providers must meet the same eligibility criteria as the lead organisation, but there are no restrictions on country of origin of co-providers. NICHE promotes inclusion of local and regional expertise.

A Tender Evaluation Committee (TEC) will assess the proposal(s). A TEC will be installed per project and the TEC will consist of three members: one independent chair with expertise relating to the project content area contracted by Nuffic, one representative of the requesting organisation and one Nuffic staff member (secretary).

The TEC ranks the most qualified proposals based on a quality evaluation of the project proposals. For the evaluation criteria please see the [example tender document](#).

2.4 The grant

Nuffic awards a grant taking into account the TEC recommendations. Independent of the [grant modality](#), the NICHE grant is always awarded to two parties, one single point of responsibility for the requesting organisation(s) and one single point of responsibility for the provider(s). This is particularly relevant when the project parties consist of a consortium of organisations (whether on the side of the provider or on the side of the requesting organisation). The two lead project parties that the grant is awarded to are jointly responsible for all grant obligations and the achievement of the outputs and outcome(s) of the project.

Nuffic can formulate specific grant conditions based on the advice of the TEC. For the grant obligations in general, please refer to the [example of a grant](#) award letter on our website.

2.5 Project implementation

The project activities start after the grant is awarded. Nuffic requests a three-level project accountability hierarchy, at both the requesting and providing organisations. This hierarchy must include:

- the legal representative of the organisation, overall responsible of the project;
- a *project director*, responsible for the strategic direction of the project;
- a *project coordinator*, responsible for the daily management of the project.

A separation of functions is essential as it provides:

- the advantage, for the coordinator, of a sparring partner to discuss challenges and opportunities;
- a robust system for conflict resolution, with mitigation possibilities at different levels;
- continuity in case of staff turnover.

As far as possible, the project director of the requesting organisation should be part of senior management in order to ensure that project decisions are well embedded in the organisation's policy framework, and facilitate the implementation of activities.

The team of the provider may include a *principal expert* among its specialists. This is a senior professional, often an academic, with responsibility for advising the management team (director and coordinator) on the *content* of the project and on the quality of expertise delivery. This function is compatible with that of project director or coordinator, but in some case the principal expert may be a different person, with an important role to play in the planning and execution of the project.

Please refer to the grant and [chapter 3](#) for more information on obligations during project implementation.

2.6 Planning, Monitoring, Evaluation and Learning (PME&L)

Monitoring starts at the beginning of the project with the establishment of a baseline, which captures the capacity situation at the start of the project. Project parties monitor the progress of the project via the realisation of planned outputs and progress towards outcomes ([link to chapter annual report](#)). This helps to gain insight into the progress made and to make adjustments to the planning of the project if the progress diverges from the original planning. Planning and monitoring are a continuous process for which procedures must be put in place before project implementation starts.

The monitoring and evaluation mechanisms are based on the approved project proposal, which describes the outputs and outcomes the project aims to achieve. The project parties themselves define the indicators which will be used to assess project performance. These indicators are an integral part of the 'logical framework', which consists of a description—in measurable terms—of the project outcomes, outputs, and activities, and the relationships between them. The logical framework can be adapted during the course of project implementation to respond to changing conditions. This means that the framework itself is also an instrument for internal monitoring and evaluation. Project parties will arrange for mid-term and final evaluations.

The outputs and outcomes are specifically mentioned in the grant award letter. The indicators are not included in the grant letter, but are an integral part of the outputs and outcomes.

Nuffic will monitor the progress of the project on the basis of realisation of planned outputs and outcomes in relation to the outcomes at policy priority level, as formulated in the NCP. As part of on-going monitoring, Nuffic will carry out project monitoring visits on site and arrange meetings with the project parties.

Learning from and with each other is an important characteristic in all NICHE projects. In addition, the programme offers an extra learning opportunity by making small learning subsidies available to NICHE project implementers. This learning facility is designed to optimise learning, creativity and collaboration within NICHE.

NICHE project implementers wishing to organise an innovative activity to encourage mutual learning between NICHE project(s) or make outcomes more visible to other stakeholders and a broader audience can submit a one-off small-scale learning project to Nuffic. This must not be a project activity that could take place within a regular NICHE project. These learning projects provide a boost that extends the impact of NICHE projects and consequently the NICHE programme. They capitalise on previous NICHE experiences and encourage the exchange of experiences gained through NICHE projects and are complementary to learning in the regular NICHE project(s).

3. NICHE grant obligations

3.1 Introduction

This chapter provides information on NICHE project reporting, administration, budgeting as well as accountability. The grant obligations for NICHE projects are presented here. Where necessary the specific reporting obligations for the three project arrangements have been specified. The three arrangements are:

1. projects with a project outline budget of more than or equal to EUR 200,000
2. projects with a project outline budget of less than EUR 200,000 and more than or equal to EUR 25,000
3. projects with a project outline budget of less than EUR 25,000.

3.2 Grant modality

Within the NICHE programme, a project can have three grant modalities. The grant modality is determined on the basis of the Checklist for Organisational Capacity Assessment (COCA) for requesting organisations. The grant modality is stated in the grant and refers specifically to the financial reporting of the project and not to the overall grant obligations which are the joint responsibility of both parties. The options for grant modality are:

- 1) Full requesting organisation: the requesting organisation carries responsibility for the financial administration.
- 2) Joint: both the requesting organisation and the provider carry responsibility for their own financial administration.
- 3) Full provider: the provider carries responsibility for the financial administration.

3.3 Obligation to report on changes to the output(s)

Throughout the project period, the parties are obliged to inform Nuffic in writing as soon as it is likely that:

- a) the outputs mentioned in the grant will not be achieved, will not be achieved in time, or will not be achieved in full;
- b) the grant obligations will not be met, will not be met in time, or will not be met in full.
- c) The expenditures during a reporting period will amount to less than 75% of the budget for this period.
This criterion is only applicable when the annual advance payments on average amount to € 200.000 or more.

The communication must include a revised plan taking into account the changes. As the grant is awarded on the basis of the achievement of the output(s), these possible changes must be reported on in timely fashion. Partners must not wait for the following annual report to report on possible changes to the output(s). Only changes which will have an influence on the implementation of the outputs as mentioned in the grant letter must be reported. Changes in activities do not need to be reported. If Nuffic accepts the proposed changes, an adjusted grant letter will be awarded.

If Nuffic is not informed about the changes to the outputs that have occurred previously, this may lead to the [amendment or withdrawal of the grant](#) awarded by Nuffic.

Project implementers are not expected to report on changes in activities or inputs. The only exception is when proposed experts that originally had been included in the winning bid are replaced by other experts. In the bid, the legal representative of the applicant has certified that any team member proposed in the tender who for some reason is unable to perform their project duties will be replaced, at no extra cost, by equally or better qualified experts. If this occurs, the provider must request explicit approval from the requesting organisation and from Nuffic, on the basis of the CV's of the newly proposed experts.

Though the NICHE programme is flexible in adopting changes in project planning, the aim must always be to achieve the outcome(s) and output(s) within the project period as stated in the grant. Realistic project planning and budgeting is essential to safeguard the achievement of the outcomes and output(s). If necessary, a request for a budget-neutral extension can be submitted.

Budget-neutral extension

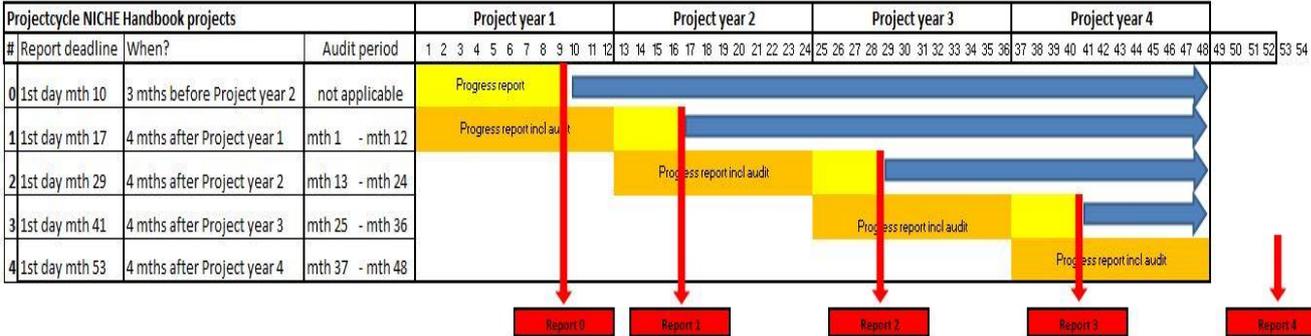
The project period indicated in the grant is the period in which the parties are obliged to achieve the outcome(s) and output(s) as formulated in the grant. There is a possibility to request a budget-neutral extension, but only if necessary for achieving originally planned outputs and outcomes. This request must be soundly substantiated and is subject to approval from Nuffic. The request for a budget-neutral extension must be submitted no later than three months before the extension period is to start. In the case of a project budget-neutral extension of four months or less, this period may be combined with the report for the previous 12-month period. A report must therefore not exceed the reporting period of 16 months in total (12 months plus 4 months extension).

3.4 Memorandum of Understanding

The requesting organisation and the provider are required to agree and sign a Memorandum of Understanding (MoU) which includes a plan on how the project is to be carried out, how responsibilities for project output(s) are to be assigned as well as a code of conduct for the cooperation between both parties for the duration of the project. The MoU must be submitted to Nuffic within nine months of the start of the project period, as stated in the grant. The assessment of the MoU by Nuffic is to confirm that the responsibilities for the project output(s) have been assigned and correspond with the output(s) as stated in the grant.

3.5 Annual report

The reporting calendar with deadlines for submitting the annual report(s) varies per project, based on the project cycle, and is included in the grant letter. An annual report is only required for projects with a project outline budget amount of more than EUR 200,000. Every project year, the requesting organisation and the provider jointly report on the progress of the project and the possible consequences on the planning of the remaining project period.



Nuffic monitors outcome(s) and output(s) and not activities. Therefore, the main focus of the annual report must be on the achievement of the project’s output(s) and planned outcome(s). The information provided in the annual reports of the projects is used by Nuffic to monitor the progress of the project and to inform the Ministry of Foreign Affairs and other stakeholders about the outcomes and outputs being achieved by individual projects and the NICHE programme as a whole.

The annual report must cover:

- 1) the progress of the project in achieving its outcomes and outputs;

- 2) an assessment of the project's contribution to achieving the outcomes of the NICHE programme;
- 3) the sustainability of the project;
- 4) the cross-cutting themes;
- 5) the capacity development process at the requesting organisation according to the 5C framework;
- 6) the factors which have influenced project implementation, lessons learned and possible adjustments that need to be made;
- 7) follow-up on conditions, recommendations and comments;
- 8) clarification for deviations of more than 20% of the annual budget per output and project management budget lines and of more than 20% per cost category.

For project partners, it is compulsory to use the prescribed NICHE annual report format in order to report on project achievements. The annual report also provides valuable data on the financial situation of the project. Based on an analysis of the project performance in relation to the project output(s) and expected outcome(s), a revision of the project work plan may be suggested by the project partners. The consequences of a possible revision on the project work plan and budget must be made clear in the annual report.

The last chapter of the report contains a declaration from the requesting organisation on their satisfaction with the progress on achieving the proposed outputs within the scope of the project proposal and in accordance with the project outline.

The assessment of the annual report by Nuffic is based on the following criteria:

1. Are the output(s) and outcome(s) being achieved or likely to be achieved within the project period in accordance with the grant? The indicated milestones for the achievement of the output(s) and outcome(s) will be used for the assessment.
2. Are the output(s) and outcome(s) being achieved in line with [the core characteristics of the NICHE programme](#)?
3. Have the grant obligations and previously set conditions been met? The audit report, if applicable, will be used for this assessment.

3.5.1 Annual report structure

The annual report is an integrated report which consists of a narrative text along with the following annexes:

- I. A logical framework indicating progress in achieving output(s) and outcome(s).
- II. An Excel document containing quantitative information on project achievements (achievement annex).
- III. A statement of expenditures, including, if applicable: a revised budget for the remaining project period.
- IV. If applicable: A revised work plan for the remaining project period.
- V. If stated in the grant as being required, an audit report covering all project expenditures for the previous project year.
- VI. In the case of report 0, an MoU between the requesting organisation and the provider/consortium
- VII. In the case of a final report, a statement of transfer of ownership of all acquired investments in the project to the requesting organisation.

The narrative part must not exceed 10 pages excluding annexes.

Submission

The annual report is to be signed for approval by both project partners and submitted in soft copy to Nuffic, with the exception of the original, signed auditor's report, which must be submitted in hard copy.

Upon request, Nuffic will share the report with:

1. The Ministry of Foreign Affairs in the Netherlands
2. The Embassy of the Kingdom of the Netherlands in the country concerned

3.5.2 Achievement annex

The achievement annex serves as a tool in reporting to the different stakeholders on project and programme related achievements. The information is aggregated for all NICHE projects and provides information on achievements of the overall NICHE programme. This instrument allows Nuffic, on behalf of the implementing organisations, to show the accomplishments of the programme to its stakeholders (including the Dutch government and Dutch tax payers).

3.5.3 Work plan and project budget

The work plan and budget submitted by the Dutch provider as part of the tender bid are the work plan and budget for the project period. With each annual report, the parties have the opportunity to submit possible changes to the work plan and budget caused by changes in the project implementation. Revisions in the work plan and budget are only required when they affect the achievement of originally planned project outcome(s) and outputs. If the project implementation goes as originally planned no adjusted work plan and budget for the remaining project period will be required. Realistic project planning and budgeting is essential to safeguard the achievement of the outcomes and output(s).

The following rules and regulations on submitting a (revised) budget apply:

- The budget must be in accordance with the rules and regulations of the NICHE programme as referred to in this NICHE Handbook and must be submitted in the [prescribed financial reporting format](#).
- The output(s) indicated in the budget must be consistent with the outputs as mentioned in the grant.
- The fees for the experts used during the project period may not exceed the fees as offered in the tender bid. In NICHE, rates and fees for experts are limited to maximum levels specified in paragraph 4.2. The fees used to calculate the price of the tender bid may be lower than the fees listed in the *List of fees* prescribed for the NICHE programme.

3.5.4 Statement of expenditures

Where the project outline budget amount is more than or equal to EUR 200,000 the following applies: during the project period the party/parties is/are required to submit (a) statement(s) of expenditures.

The following types of projects are identified in this sub-chapter:

Short-term projects	last 16 months or less
Long-term projects	last longer than 16 months

Statements of expenditures must be submitted yearly

1. For projects that last 16 months or less:

Within four months after the end of the project, the party/parties will submit a final statement of expenditures. This statement of expenditures covers the entire project period. This final statement of expenditures must also include the costs related to the writing of the final narrative report and the final audit costs (and that are incurred within four months of the end of the project).

2. For projects that last more than 16 months:

The party/parties is/are responsible for submitting an annual statement of expenditures for each 12-month period. The deadline for submitting this statement of expenditures is stipulated in the grant letter. After the project has ended, a statement of expenditures is to be submitted within four months after the end of the project. This final statement of expenditures must include the costs related to the writing of the final narrative report and the final audit costs (and that are incurred within four months of the end of the project).

For both types of project mentioned above, the following rules and regulations on submitting a statement of expenditures apply.

- The statement of expenditures must be in accordance with the NICHE Handbook and must be submitted in the [prescribed financial reporting format](#).
- The statement of expenditures is to be submitted in soft copy (Excel and PDF). Only the original Auditor's report is to be submitted in hard copy.
- The expenditures must be in accordance with the approved project work plan. Any deviations of more than 20% of the annual budget per output, project management budget lines and any deviations of more than 20% of the annual budget per cost category must be clarified in the annual report.
- When submitting the statement of expenditures, the budget for the corresponding project period must be identical to the budget approved by Nuffic.
- The statement of expenditures must be expressed in euro (EUR). Nuffic strongly advises project funds to be kept in euro for as long as possible and only to be converted to local currency (if necessary) as close to the date of expenditure as possible. Exchange rate losses will not be reimbursed by the project.
- The statement of expenditures must state the amounts by project year.
- All expenditures claimed must be based on actual time spent and actual costs unless otherwise specified in [chapter 4](#).
- Any discounts (for example, on purchased equipment, materials, airline tickets) must be refunded to the project.
- The costs mentioned in the statement of expenditures must be incurred within the period of the grant with the only exception being the costs related to the writing of the final narrative report and the final audit costs. These costs need to be incurred before the final audit report is submitted (within four months after the end of the project).
- The costs included in the statement of expenditures must be related to services or goods delivered in that project year. Expenditures relating to services or goods delivered in the following period should be taken up in the statement of the project year in which the services or goods have been delivered.
- For projects where co-financing is a condition in the grant all expenses incurred must be reported in the financial report. The (audited) financial report must state which expenses are to

be reimbursed by the NICHE grant budget and which are covered by own or other contributions.

If the project outline budget amount is EUR 25,000 or more, but less than EUR 200,000 the following applies.

The grant will be awarded in the form of a lump sum related to the (expected) outputs. The party/parties is/are required to show (in the manner indicated in the grant letter) that the output(s) and outcome(s) for which the grant was awarded, are implemented and achieved, and are in compliance with the grant obligations. A statement of expenditures is therefore not necessary.

If the costs related to the (expected) outputs are so uncertain that a realistic budget cannot be made in advance, Nuffic can determine in the grant letter that after the project period, the party/parties is/are required to give a statement of actual costs related to the outputs. The costs mentioned in the statement of actual costs must be incurred within the period of the grant.

If the project outline budget amount is less than EUR 25,000 the following applies.

The grant will be awarded as a lump sum. It is not necessary for the party/parties to submit (a) statement(s) of expenditures.

Upon request by Nuffic, the party/parties must show (as indicated in the grant letter) that the outputs for which the grant was awarded have been performed and are in accordance with the grant conditions and the NICHE Handbook.

Financial reporting format

NICHE has a prescribed financial format for budgeting and reporting on all projects. The latest version of the format can be found in [chapter Formats](#) of this document and on the [NICHE website](#). The outputs referred to in the financial format must be consistent with the outputs described in the accompanying narrative report and work plan. The requested data in the top left of this format is required for each report (project name, project number, grant number, etc.).

All expenditures must be allocated to a cost category. These are prescribed and clarified in chapter 4.

The party/parties responsible for the financial project reporting must include their project bank account number, IBAN/BIC number and bank address in all required financial reports and when submitting the tender bid. Where the bank account number stated in the financial format differs from the bank account number as specified in the proposal/tender documents, a formal correspondence from the legal representative of the organisation must confirm that the new account number belongs to the party.

3.5.5 Auditor's report

The grant will state whether a statement of expenditures must be accompanied by an auditor's report for the project. If the amount of expenditures for a given project year does not exceed EUR 200,000, an external audit will not be performed for that project year (unless Nuffic decides otherwise). These expenditures must be audited together with the figures for the next project year.

The procedure for the audit and prescribed model for the auditor's report is laid down in [the audit guidelines](#) mentioned in this Handbook. The original signed auditor's report must be submitted to Nuffic.

Where the grant letter mentions that both parties are responsible for submitting their own auditor's report, they must do so directly to Nuffic. Where the grant mentions that one party is responsible for submitting an auditor's report, one single audit report with both parties expenditures is required.

3.6 Remuneration

The party/parties responsible for the project's financial reporting will receive advance payments to implement the NICHE project. The grant stipulates the planned project advance payment schedule. This chapter discusses how an advance payment is paid. Secondly, information is provided about the final payment and the settling of the account.

3.6.1 Advance payments

Where the project outline budget amount is more than or equal to EUR 25,000 the following applies.

During the project period Nuffic will transfer an advance payment of maximum 80% of the total project budget. This advance payment will be transferred twice a year (in six-monthly instalments) in equal terms per year. The amount to be transferred in the form of advance payments for a project year is stipulated in an advance payment schedule in the grant.

If the actual project expenditures are falling behind in comparison to the budget, Nuffic may decide to adjust the advance payment schedule in the grant letter by decreasing the advance payments.

Deviation from the fundamental rule is possible if the following conditions are met:

If the expected expenditures vary significantly from the advanced payment schedule, the subsidy recipients can request a revised advance payment schedule or additional payments for a specific project year via a "request for revision in the advance payment schedule". Nuffic will assess this request based on the progress and planning of the project. If the request is approved, the additional advance payment for that project year will be deducted from the planned advance payment of the following project year.

Only in the last project year the subsidy recipients can submit a "request for additional advance payment" up to a maximum of 90% of the total project budget. This request can be submitted in combination with the annual report containing the planning of the last project year. Nuffic will assess this request based on the progress and planning of the project.

For projects with a project outline budget amount less than EUR 25,000 the following applies.

Advance payments will be made up to 100% of the total project budget, as stipulated in the grant. The advance payment can be divided; the amount(s) and payment date(s) will be set in the grant letter.

3.6.2 Settling the account

Only expenditures indicated as being eligible in the [chapter eligibility of costs](#) can be reimbursed. Expenditures exceeding the available overall project budget as stated in the grant will under no circumstances be reimbursed.

For projects with a project outline amount more than or equal to EUR 200,000:

- The account will be settled after Nuffic has received and approved the final report.
- At the end of the project period, any funds received that have not been spent must immediately be returned to Nuffic.

For projects with a project outline amount less than EUR 200,000 and more than or equal to EUR 25,000:

- The grant will be settled based on the output(s) and outcome(s).

For projects with a project outline amount less than EUR 25,000:

- The account will be settled together with the grant or by a date specified in the grant letter.

3.7 NICHE administration rules

As NICHE projects must be implemented in an effective and accountable manner, this chapter describes the NICHE project administration rules.

The grant letter specifies the party/parties that is/are financially responsible to Nuffic. This/these party/parties is/are responsible for setting up and managing a properly organised project administration. Please note this does not release the party without financial responsibility from their obligation to abide by the NICHE administration rules.

In order to obtain the NICHE funding as specified in the grant letter, all parties must keep a separate project administration, based on orderly records, from which it can be established that:

- Expenditure is taking place in accordance with the grant letter.
- Expenditure is being recorded under the proper headings.
- Expenditure is not in breach of legal regulations that apply in the country where the project is being conducted.
- Expenditure is taking place within the framework of the Universal Declaration of human rights and relevant ILO declarations.
- Expenditure, including time spent, is identifiable and verifiable and can be backed up with original documents presented as supporting evidence. A separate project administration including a time registration procedure or system must be used by all parties, which must be in accordance with the time registration procedure/system accepted by the audit firm of the parties. Where no such time registration procedure/system is in place and/or where it has not been accepted by the audit firm of the parties, the [Nuffic registration format](#) is to be used.
- Investments purchased from project funds must be administered separately by the requesting organisation in a register of assets, which must be available upon request.
- Expenditure in currencies other than euro are converted in accordance with the prevailing average exchange rate of the month the costs are incurred. Please note exchange rate differences will not be reimbursed.
- Authorisation of expenditures is in accordance with the local procedures and subject to a system of internal control.
- Procedures allow for an efficient implementation of the project.
- The administration is open to external control.
- A transparent administration of petty-cash transactions is kept.
- The party/parties responsible for administration must open a separate, (if possible) interest-earning, euro (EUR) account (and if necessary a local bank account for payment of expenditures) for the project.
- Any interest earned on the account must be administered separately. Interest that remains after bank costs have been deducted must be added to the project funds.

[The statement\(s\) of expenditures](#) as well as [the auditor's report\(s\)](#) are to be derived from this separate project administration.

3.8 Ownership of equipment purchased and copy right

Any equipment and/or goods which the provider budgeted for and purchased with project funds become the property of the requesting organisation at the moment the requesting organisation receives them. In the event the requesting organisation is the lead partner for various project partners, equipment and/or goods become the property of the partners that have received them. All equipment and/or goods purchased from the project budget will be held at the exclusive disposal of the project until the project is terminated.

Both implementing parties Requesting Organisation and Provider are jointly considered owner of all materials wholly or partly produced with the help of the grant. If materials wholly or partly produced with the help of the grant are published, they have to be published under the Creative Commons License – Attribution Noncommercial, with the exception of images and illustrations. This means that the author or licensor retain their copyrights² but share their materials under this Creative Commons License. Third parties wishing to make use of these materials are free to do so under the same conditions: 1. not for commercial purposes, 2. cite (attribute) the work in the manner specified by the author or licensor.

3.9 Investigation & instructions

Nuffic reserves the right to conduct (or to appoint a third, independent party to conduct) an investigation into the activities carried out in the context of the project. This may mean examining the reports and financial records. The grant recipient will cooperate fully with such an investigation and will grant access to any documents that are requested.

If Nuffic is of the opinion that the specific way in which a particular activity is implemented or changes in circumstances have led to a situation in which the financing of an activity is incompatible with the Dutch government's foreign policy, Nuffic will propose consultations with the grant recipient. On the basis of such consultations, Nuffic may give further written instructions regarding the implementation of the work plan.

In implementing the work plan the grant recipient must take account of the fact that the Dutch government may be held responsible under international law for its implementation.

With this in mind, the grant recipient must refrain from supporting activities whose aim is to undermine the political autonomy of a state or to bring down a lawful government by unlawful means. Whether these activities are lawful or unlawful will be determined not only by the views of the government of the country in question, but also in accordance with standards applicable internationally or under international law.

3.10 Anti-corruption clause

The grant recipient must not offer to third parties or seek or accept from or be promised by third parties, for himself or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, if this could

² The author or licensor provide the funder the opportunity to use their copyrights and materials if this suits the purposes of the underlying policies of the grant.

For more information on this Creative Commons License: <http://creativecommons.org/licenses/by-nc/3.0/deed.en>

be interpreted as an illegal or corrupt practice. Such practices may provide grounds for the withdrawal of the grant or part thereof.

3.11 Sanctions

Nuffic can suspend activities, withdraw or amend the award of this grant, and/or demand the return of all or part of any sum it has already transferred. Depending on the circumstance, Nuffic can take various measures if (one of) the project parties does not (fully) fulfil the grant obligations. Measures relating to the grant obligations are divided into four categories:

3.11.1 If the project does not go as planned:

- Project progress shows it is doubtful that the project outcome(s) will be achieved and the project output(s) implemented within the agreed project period.
- Parties experience a change in circumstances, including but not limited to a breakdown in relations between the parties as a result of which the outcome(s) and/or output(s) can no longer be achieved.
- One or both parties fail to fulfil the specific obligations and conditions as stated in the grant or fail to fulfil them on time.
- Expenditures during a reporting period will amount to less than 75% of the budget for this period.

The following measures will be taken in ascending order:

- a) Written warning with possible new terms, conditions and/or a new payment schedule.
- b) Project will be placed under increased supervision with the possibility of suspension of the grant
- c) Withdrawal of the grant by Nuffic.

If the situation is not (sufficiently) resolved or reoccurs after the (first) warning(s), Nuffic will scale up to more severe measures.

3.11.2 If the project fails to fulfil the financial or administrative grant obligations:

- The annual report (statements of expenditures and/or auditor's report) reveals that (one of) the grant obligations have not been met.
- Money is spent for a purpose other than that for which it was intended or agreed upon;.
- In the case of irregularities or (suspected) fraud occur.

Depending on the circumstance, the following measures can be taken:

- a) The expenditures will not be approved (either in whole or in part).
- b) Reduction or suspension of advance payments.
- c) Assign the grant modality to another party.
- d) Amendment of the grant.
- e) Withdrawal of the grant award.

The choice of the measures depends on the severity and frequency of the circumstance. If the circumstance is not (sufficiently) resolved or reoccurs after the (first) warning(s), Nuffic will scale up to more severe measures.

3.11.3 If project parties fail to fulfil the reporting obligations, or fail to fulfil them on time.

The following measures will be taken in ascending order:

- a) Suspension of advance payments.
- b) Written warning in the form of reminders.
- c) Project will be placed under increased supervision with the possibility to suspend (part of) the grant.
- d) Withdrawal of the grant.

3.11.4 If project parties fail to fulfil the obligation to report on changes to the output(s), or fail to fulfil it on time.

The following measures can be taken in ascending order:

- a) Written warning.
- b) Project will be placed under increased supervision with the possibility to suspend (part of) the grant.
- c) Increasing reporting obligations and disbursing payments only on the basis of a disbursement request and/or liquidity forecast.
- d) Financial penalty.
- e) Amendment to the grant.
- f) Withdrawal of the grant.

Before Nuffic decides to withdraw or amend the grant, the parties will be heard on the matter.

3.12 Grant budget reservation

The NICHE grant award is conditional upon sufficient funds being made available in the budget by the government and parliament.

3.13 Holland Alumni Network

Staff being trained in the Netherlands, will be registered in the Holland Alumni Network (HAN) database. The grant recipient will be responsible to ensure that the candidate and/or fellowship holder agrees that his or her personal data will be entered in Nuffic's Holland Alumni Network (HAN) database and be used by the Ministry of Foreign Affairs, the Netherlands' embassies, Dutch institutions and Nuffic for administrative, assessment, selection and alumni purposes.

4. Eligibility of costs

4.1 Introduction

This chapter provides information on the eligibility of costs. As not all costs are eligible for NICHE funding, party/parties as well as audit firms must take this chapter as the basis to determine eligibility.

To be eligible for reimbursement, costs must be real (made and paid) and documented. This means that the costs included in the statement of expenditures must be related to services or goods delivered. Expenditures relating to services or goods delivered in the following period should be taken up in the statement of the project year in which the services or goods have been delivered. Lump-sums and fixed-fee rates can only be used if specified as such in this chapter. Any discounts (on for example equipment, materials, airline tickets, etc. purchased) must be refunded to the project.

Please note that the following costs are never covered by the project and must therefore not be included in any part of the project budget or statement of expenditures:

- Salaries, stipends, incentives, fees, allowances or any other rewards paid or to be paid for the time which staff members of the requesting organisation spend on the project. The only exception is a limited compensation for [the time spent on project management and administration](#).
- The cost of replacing staff members that are working on the project or that are engaged in staff training financed by the project.

These costs will have to be paid by the requesting organisation/organisations as an own contribution to the project.

For Learning Initiatives and for Joint Initiatives additional and/or alternative regulations apply to the information in this chapter as stated in the grant and/or the call for tender. Please note that time input of staff of all participating organisations is not compensated in a Joint Initiative project. Time input of staff can nevertheless serve as the own (co-financing) contribution of the participating organisations.

NICHE will reimburse eligible costs only. All costs in the NICHE project must contribute to a corresponding output(s) or project management budget lines. In addition, all costs are allocated to cost categories. Output(s) will differ per project, but the cost categories are applicable for all NICHE projects. Therefore, the eligibility of costs is specified in the following chapters by cost category.

NICHE distinguishes the following cost categories:

- A. Time/input by Dutch/European staff
- B. Time/Input by regional/local staff
- C. Travel, Daily Subsistence Allowance (DSA) and hotel costs
- D. PhD/master's and other training in the Netherlands/Europe
- E. PhD/master's and other training local/regional
- F. Investments
- G. Other costs
- H. Contingencies

4.2 Cost Category A: Time/input by Dutch/European staff

The actual time spent on a NICHE project by the staff of the provider and its co-providers can be claimed at the rates indicated in the *List of fees*. The actual time spent by staff of the provider and its co-providers must be identifiable and verifiable and substantiated by original documents, such as pay slips, presented as supporting evidence. A time registration procedure/system must be used in accordance with [the administration rules](#).

The actual amount of time spent by the provider on project coordination can also be claimed at the rates indicated in the *List of fees*. This includes time spent on activity coordination, content coordination, report writing, preparation of budgets/declarations. There can be no separate charges for general administrative support, secretarial services (such as arranging of visas, travels, tickets, agenda management, sending emails and/or making telephone calls) and time spent on bookkeeping. This is considered overhead which is included in the fees.

Costs of language training cannot be charged to the project with the exception of language training for a long-term expert ([long travel of staff of the \(co-\)providers](#)).

4.2.1. List of fees

The fees specified below apply to NICHE funding for NICHE-related activities by employees of Dutch organisations or organisations involved as co-providers that are registered in Europe, North America or Australia. The fee rates are determined by the level of the salary of the individual expert. The fee rates are a lump sum payment for the time of the expert.

The salary groups are considered to be gross monthly income of employees and therefore do not include thirteenth month and a contribution for holiday expenditures, bonuses or any other rewards or/and compensation.

Fees paid to employees of provider (amounts are in Euro)

			A	B
1,362	>	1,589	235	142
1,589	>	1,816	272	163
1,816	>	2,043	307	186
2,043	>	2,270	344	207
2,270	>	2,497	380	229
2,497	>	2,724	416	250
2,724	>	2,951	453	273
2,951	>	3,178	488	294
3,178	>	3,405	524	316
3,405	>	3,632	561	338
3,632	>	3,859	597	360
3,859	>	4,086	634	381
4,086	>	4,313	669	403
4,313	>	4,540	705	425
4,540	>	4,767	742	441
4,767	>	4,994	778	454
4,994	>	5,221	815	468

5,221	>	5,448	850	481
5,448	>	5,675	886	495
5,675	>	5,902	906	509
5,902	>	6,129	925	522
6,129	>	6,356	944	536
6,356	>	6,583	964	549
6,583	>	6,810	983	563
6,810	>	7,037	1002	576
7,037	>	7,264	1021	591
7,264	>	7,491	1040	604
7,491	>	7,718	1059	617
7,718	>	7,945	1078	631
7,945	>	8,172	1097	644
8,172	>	8,291	1111	655

- A For a workday in the Netherlands or on short-term travel.
- B For a day spent on long-term travel.

For definitions of short and long-term travel, see the [chapter on travel costs](#). The fees apply to all experts that are employees of the consortium that was described in the project proposal.

The costs for the experts used during the project period may not exceed the budget as offered in the tender bid.

External experts

If external experts are hired that are employees of an organisation (i.e. on a payroll), the fee rates as mentioned above apply. A maximum 15% handling fee can be added (optional).

Please note that a handling fee cannot be added for experts who are employees of an organisation that is part of the consortium that was described in the project proposal as they are not considered external to the project.

If external experts are contracted that are **not salaried employees of an organisation** (“freelance experts”), the actual fee paid to them will be reimbursed. A maximum 15% handling fee can be added (optional).

Long-term Experts

Where an expert is to be posted in the relevant NICHE country for the project for a period of more than 6 consecutive months, the reimbursable time for the expert must be based on the number of days that were actually spent on the project. Please note that the posting of a long-term expert in the NICHE project must be clearly stated in the project proposal.

4.3 Cost category B: Time/Input by regional/local staff

Because the NICHE programme promotes the use of local and regional experts, a distinction must be made between Dutch/European experts and local/regional experts. A Dutch/European national residing in the region is still considered Dutch/European. The costs of enlisting the services of local and regional external experts for specific purposes can be covered by NICHE. Remuneration is based on the time spent by the expert and the consulting fee paid to the expert or the organisation employing the expert. Only costs made and paid can be

charged to the project. Optionally, a 15% handling fee can be added. The consulting fee must be consistent with what the external expert would normally charge for comparable services in the country in question. Nuffic may ask the EKN for advice.

Note: external experts cannot be employees of the requesting organisation or co-requesting organisation, neither full-time nor part-time. If an external expert is an employee (part-time) of the requesting organisation or co-requesting organisation, the cost for his or her services cannot be charged to the project and must be paid by the requesting organisation from the own contribution to the project.

The costs for the experts used during the project period may not exceed the budget as offered in the tender bid.

4.4 Cost category C: Travel, DSA and hotel costs

Travel, DSA and hotel costs for project related travel are eligible for reimbursement in a NICHE project. A distinction is made below between the regulations for travel by the staff of the (co-)provider and staff of the (co-)requesting organisation.

4.4.1 Travel costs

The following types of project related travel are discussed in this chapter:

Short-term travel of <u>staff of the requesting organisation or co-requesting organisation(s)</u>	a travel period lasting one month or less
Short-term travel of <u>staff of the provider or co-provider(s)</u>	a travel period lasting six months or less
Long-term travel of <u>staff of the requesting organisation or co-requesting organisation(s)</u>	a travel period lasting longer than one month
Long term travel of <u>staff of the provider or co-provider(s)</u>	a travel period lasting longer than six months

The following rules apply.

Short-term travel period (requesting organisation and provider)

Travel

For international travel, the costs of a return trip will be reimbursed (including the airline ticket, airport tax and the visa). Actual in-country travel costs incurred for project activities can be reimbursed from project funds.

Hotel cost and daily allowance

As regards the subsistence allowance, parties can claim no more than the actual costs of hotel and breakfast in a medium-range hotel and a lump sum allowance per day to cover the other costs of daily subsistence.

The daily allowance lump sum is EUR 50 per day for a stay in OECD – DAC aid recipient countries³ and EUR 75 per day for a stay in other countries, including the Netherlands. A daily allowance can only be claimed if it can be proved that the days concerned were spent in a hotel for the purpose of the project.

³ List to be found at www.oecd.org/dac

Note: a party is free to pay its own staff more or less than this eligible lump sum, but the difference cannot be charged to the project. A daily allowance for the travel period of other persons can only be declared if the amounts have been paid to that person or to his/her employer.

Also, if one party is responsible for project finances, this party can only declare a daily allowance for the other party's travel if the amounts have been actually paid to that party or to the staff member of the party involved.

Specific to travel by the staff of the (co-)requesting organisation(s)

Please note that, in line with the NICHE core principle of sustainability, staff member's employers are expected to continue to pay the staff member's salaries and these costs can therefore not be charged to NICHE. NICHE only covers an allowance intended to cover the staff member's costs, including accommodation, while they are in the Netherlands or the other country being visited. If a travelling staff member is joined by family members, the related additional costs cannot be charged to the project.

Insurance

The actual amount that must be paid for insurance for the staff of the (co-)requesting organisation can be reimbursed.

Long-term (study) travel by the staff of the (co-)requesting organisation(s)

For long-term travel by the staff of the (co-)requesting organisation, the allowances and tuition fees for fellowships of the Netherlands Fellowship Programmes (NFP) apply. These can be downloaded at [the NFP website](#). The main budget items that are specified in the rules and regulations of the NFP are: international travel, travel in the country of destination, accommodation and subsistence, personal allowance, study materials, tuition fees, insurance.

Please note that, in line with the NICHE core principle of sustainability, staff member's employers are expected to continue to pay the staff member's salaries and these costs can therefore not be charged to NICHE. NICHE only covers an allowance intended to cover staff member's costs, including accommodation, while they are in the Netherlands or another destination. If a travelling staff member is joined by family members, the related additional costs cannot be charged to the project.

Long-term travel by the staff of the provider or its co-providers:

In exceptional cases, the provider may post a long-term expert in the developing country. This will be specified in the project outline, or in the provider's bid. The regulations that apply are as follows:

Travel

For international travel, the costs of a return trip will be reimbursed (including the airline ticket, airport tax and the visa) for the long-term expert and, if applicable, the spouse or partner and any children who will be spending at least six consecutive months living with the person who takes up the post. Actual in-country travel costs incurred by the long-term expert for project activities can be reimbursed from project funds.

Once in each 12-month period that the staff member of the provider or its co-providers is posted in the developing country, the costs of a return-trip airline ticket will be reimbursed for the long-term expert and, if applicable, the spouse or partner and any children who immediately prior to the vacation trip have spent at least six consecutive

months living in the developing country with the person who is posted, and who will return to the developing country for at least another six consecutive months.

For the duration of the travel period, the actual cost of the accommodation of the person who is posted can be reimbursed.

4.5 Cost Category D: PhD/master's and other training in the Netherlands/OECD member countries⁴

NICHE considers training of staff as an effective and sustainable investment for capacity development. Staff training is only considered sustainable, if there is a long-lasting relationship (recipients of staff training must be tenured staff). Tuition fees must be based on the standard fee used in the Netherlands Fellowship Programmes (hereinafter: NFP) if applicable. Otherwise the fees will be either as listed in the database of Studyfinder (www.studyfinder.nl) or calculated specifically for the course in question. The tuition fees can be reimbursed by lump-sum payments. Please note all time/input by staff (not included in the tuition fee) must be allocated to either cost category A or B.

For travel costs of short-term training, the regulations related to short travel periods apply ([see cost category C](#)). These must however be allocated to cost category D in the financial format.

For long-term staff training, the allowances and tuition fees for fellowships of the NFP apply (the Netherlands Fellowship Programmes). To download these rules and regulations, visit [the NFP website](#).

To ensure all long-term staff training can be completed within the project period or shortly thereafter, all PhD and BSc students must have started the programme at the latest 2 years (24 months) before the end date of the project, and MSc students must have started the programme at the latest 1 year (12 months) before the end date of the project.

4.5.1 Long-term staff training continuing after the end of the project

It is possible that all project activities have been completed and the project has come to an end, with the exception of PhD, BSc and master's candidates who plan to graduate using project funding. Nuffic will take requests for a budget-neutral extension into consideration. For the request the following applies:

- The partners can request a budget-neutral extension specifically for allowing the PhD, BSc and/or Master's student(s) to complete their studies. The request must contain a personalised budget per calendar year for the remaining period still required by the PhD/BSc/Master's student to complete, and an overview of the expenditures made for the individual PhD/BSc/Master's student until that moment. The prescribed format can be found in [chapter Formats](#).
- The budget cannot include expenditures for other activities or contingencies, except for an amount for management for the Dutch provider (i.e. two days per year per project).
- The extension can only be requested together with the final report. The reason for this being that Nuffic can only calculate the remaining allocation of funds at the end of the project.
- If approved, each year (until all remaining candidates graduate), both project partners must provide Nuffic with a short [annual progress report](#). The deadline for submitting the annual report will be included in the decision letter with the approval of the extension period.

⁴ For training in countries other than OECD or Local/Regional, please consult with Nuffic about eligible allowances and fees.

4.5.2 Long-term staff training continuing after the end of the NICHE programme

When the NICHE programme as a whole comes to its end, it is possible that some PhD/BSc/Master's students may not yet have completed their studies. In that case, the partners can request a lump sum in order to cover the costs for the PhD/Master's student to allow the student to graduate. In this case the following applies:

- The lump sum request must contain a personalised budget per year for the remaining period still required by the respective PhD/Bsc/Master's student and an overview of the expenditures made for the PhD/BSc/Master's student until that moment. The prescribed formats can be found in [chapter Formats](#).
- The budget cannot include expenditures for other activities or contingencies, except for a fixed amount for management (i.e. two days per year per project).
- Upon approval of the lump sum, Nuffic will pay out the lump sum to one of the project partners (requesting organisation or provider).
- A lump sum can only be requested together with the final report. The reason for this being that Nuffic can only calculate the remaining allocation of funds at the end of the project.
- By accepting the lump sum, both organisations commit themselves to enabling the PhD/Master's student to graduate and to cover any and all costs not provided for by the budget. Once the decision letter has been sent, the project will be closed financially by Nuffic.
- Where a PhD/BSc/Master's student must leave the long-term training prematurely without graduating, the organisation (who received the lump sum) must pay back any remaining funding to Nuffic. If the expenditures exceed EUR 50,000, the statements of expenditures must be accompanied by an auditor's report.
- Each year (until all remaining candidates graduate), both project partners must provide Nuffic with a short [annual progress report](#). The deadline for submitting the annual report will be included in the decision letter with the approval of the extension period.

4.6 Cost Category E: PhD/Master's and other training Local/Regional⁵

For local and regional staff training, the same applies as for [training in the Netherlands/OECD member countries](#) with the exception of:

- Costs related to PhD/Master's and other training Local/Regional must be allocated to cost category E in the financial format.
- Allowances will only be reimbursed for staff travelling away from their place of residence.
- In accordance with NFP regulations, allowances for staff training outside Europe is limited to 50% of the NFP allowance for studying in the Netherlands.

Please note: training of staff within the requesting organisation is not eligible for NICHE funding.

4.7 Cost Category F: Investments

The maximum budget for costs of equipment, infrastructure and other investments is 20% of the maximum project budget (or the specific amount) as mentioned in the call for tender. The proposed investments must contribute to achievement of the outcome(s) and realisation of the output(s) of the project and must be included in the annual report. Procurement procedures must follow local rules and regulations.

⁵ For training in countries other than OECD or Local/Regional, please consult with Nuffic about eligible allowances and fees.

Value-added tax (hereinafter: VAT) paid for goods acquired in the Netherlands or another country of the EU and destined for export will be reimbursed by the tax office, on request, at the time of export. Such goods must therefore be included in the project budget without VAT. It is the full responsibility of the project parties to have VAT reimbursed. Grants may be taxable (for instance VAT) in other countries than the Netherlands. It is the responsibility of the Provider and the Requesting Organisation to pay these taxes when necessary.

Costs directly related to acquisitions and other investments, such as the costs of transport, insurance and installation may also be included.

4.8 Cost Category G: Other Costs

Costs that are not mentioned in [chapter 4 on eligibility of costs](#) can be included in the budget on the following conditions:

- the rules and rates that apply in general to the party and/or country in question must be used. Project parties must exercise common sense in identifying which costs are eligible and which are not;
- if a party uses its own departments to perform services (such as production, printing, distribution, translation, etc.), the fees charged must be consistent with the organisation's own regulations and must not exceed what the organisation would normally charge internally.

4.8.1 Project management by the requesting organisation

The general costs of the administration and the time that staff members of the requesting organisation(s) spend on project management, administration and secretarial activities will be reimbursed as a fixed lump sum amount calculated as 6% of the maximum project budget, as mentioned in the call for tender. For joint initiative projects the lump sum is calculated as 6% of the project proposal budget submitted. Please note the lump sum for project management by the requesting organisation is a fixed amount for the total project period (including possible budgetary neutral extensions).

Only activities that can be considered to be *incremental* general administrative activities and that are considered necessary for the efficient and effective implementation of the project can be included in the project management lump sum. Incremental activities are activities that would not have been incurred if the project had not been carried out.

The fixed lump sum amount for project management requesting organisation must cover the following activities or be considered to form part of the own contribution to the project by the requesting organisation:

- all project management and general administrative costs: costs that are not specific to a particular project activity, such as communications (telephone, fax, mail, messenger service, etc.), office supplies, photocopying and other operational costs, such as transportation, fuel and maintenance for project cars, insurance policies, etc.
- Travel costs related to project management by the requesting organisation(s).
- Costs related to the attendance at annual NICHE workshops, meetings and presentations organised by Nuffic.

4.8.2 Costs of audit

The costs of an audit can be covered by NICHE. Concerning the audit, the following rules and regulations apply:

- The costs for the annual audit must be included in the project budget. These must be the fees actually charged.
- If the amount of expenditures for a given project year do not exceed EUR 200,000 an external audit will not be needed for that year unless Nuffic decides otherwise. Un-audited expenditures must be audited together with the figures for the next project year. The final year of a project always requires an audit report, regardless of the amount of expenditures. Only projects with a total project outline budget less than EUR 200,000 are excluded from abovementioned.

4.9 Cost category H: Contingencies

Contingencies are unforeseen extra costs that cannot be avoided if the project is to achieve its objectives. These extra costs must not have been anticipated when the budget was drafted, but are considered essential for the project to achieve its objectives. The contingencies have to be stated in the budget in accordance with the prescribed budget format. The use of the budget for contingencies must be agreed upon by both Parties. The project outline will indicate the (minimum) percentage for contingencies all bidders must apply.

Once the use of contingencies has been approved by both partners, the amount approved must be deducted from the budget line contingencies as an expenditure and added to the corresponding output(s) as expenditure.

5. Audit guidelines

5.1 Introduction

These audit guidelines provide information for both the audit firm as well as for Parties awarded the grant on submitting audited statements of expenditures and audit reports in accordance with the NICHE requirements of Nuffic.

5.2 Framework of standards

The following framework of standards applies to the NICHE programme:

1. Dutch Ministry of Foreign Affairs Framework Act on grants;
2. Dutch Ministry of Foreign Affairs Grant Decree;
3. Dutch Ministry of Foreign Affairs Grant Regulations⁶.

In addition, the following documents are relevant for the auditor's activities:

1. The grant letter in connection with the NICHE grant;
2. This NICHE Handbook;
3. The project document, budget and project proposal; where applicable, findings and recommendations of previous audits.

5.3 Reporting requirements

The grant letter states whether or not the statements of expenditures are to be accompanied by auditor's reports and which party/parties is/are responsible for submitting the statement of expenditures.

- *Where both parties* submit their own statement of expenditures and auditor's report, these must be submitted directly to Nuffic by the parties;
- *Where one of the parties* is responsible for submitting the statement of expenditures *for the whole project*, that party may decide whether:
 - a) it bases its financial statements and audit report on original invoices submitted by the other party; or
 - b) it wants an auditor's statement for the expenditures incurred by the other party. In this case, the parties' auditor has to combine both audits into a single report that covers all project expenditures for the year in question.

5.4 Choice of audit firm

The audit must be conducted by an independent auditor who is acceptable to both Nuffic and the project party/parties. In principle, the parties are strongly advised to choose an auditor registered with the national, legally recognised institute of registered accountants in the country of residence, which in turn is a member of the International Federation of Accountants (IFAC⁷). If an accountant without this requirement is chosen, this must be communicated to Nuffic in advance for Nuffic's approval. The audit may not be conducted, however, by the organisation's own internal audit department. Nuffic reserves the right to assign an independent auditor at the expense of the project.

⁶ Available at www.wetten.overheid.nl

⁷ Please refer to www.ifac.org for further information

5.5 Objective of the audit protocol and scope of the audit

This audit protocol provides further instructions for the auditor’s work and report, and defines the auditor’s tasks and responsibilities. However, this audit protocol does not intend to prescribe an audit approach and it is not a work programme.

The auditor examines to what extent the annual/final statement of expenditures meets the relevant requirements, as set out in this audit protocol. While doing so, the auditor must give adequate attention to the provisions of the [framework of standards](#). The auditor performs the assurance engagement with due regard to this audit protocol. The auditor’s examination results in an auditor’s report accompanied by the statement of expenditures.

The objective of the audit is to give an opinion on the statement of expenditures in order to assess, in particular, its accuracy and the legitimacy of the expenditures in all material respects.

Expenditures will be regarded as legitimate if:

- they comply with the conditions of the grant, including addenda to the grant (if applicable), with other agreements and with the NICHE Handbook, which are attached as an annex to the grant letter;
- they have been recorded properly under headings that are the same as those in the approved budget;

Furthermore, the auditor has to evaluate the organisation’s own system of internal control with respect to the NICHE project, to estimate the audit risk, and to identify any matters worthy of mentioning, including any material weaknesses in the internal control system.

In addition, the auditor provides in its report an opinion on the annual/final statement of expenditures. The auditor is to sufficiently consider whether the organisation has complied in all material respects with the grant letter and with the rules and regulations that apply to the project.

5.6 Audit method

The auditor holds primary responsibility for the audit method. Auditors mostly base their audit on a (risk) analysis of the accounting system and related internal controls in respect of the parties’ statements of expenditures and, based on this, they are in the best position to decide on what means of auditing to apply. The audit must be carried out in accordance with the International Standards on Auditing (hereinafter: ISA).

The auditor who is responsible for the audit of the statement of expenditures is to ensure an adequate audit method and a client-specific work programme, in which context sufficient attention is given to the internal controls of the project accounts and to the level of audit tolerance.

5.7 Accuracy

The auditor organises his audit in such a way that he can state with a reliability rate of 95% that the financial statement contains no misstatements with a significance larger than the prescribed levels of materiality. To determine the opinion of the auditor’s report, the following levels of materiality apply:

	Misstatement in the financial statement	Uncertainties in the financial statement
--	---	--

Levels of materiality	Qualified	Adverse	Qualified	Disclaimer of opinion
Fair view	> 3 and < 5	≥ 5	> 5 and < 10	≥ 10
Compliance	> 3 and < 5	≥ 5	> 5 and < 10	≥ 10

5.8 Points of attention

This section provides points of attention for the auditor's assurance work in conducting his audit.

General

The auditor takes cognisance of the framework of standards, project proposal as stated in the tender documentation, grant letter and any additional written agreements. In addition, the auditor takes cognisance of relevant correspondence regarding any changes in implementing the project. Based on these documents and correspondence, the auditor acquires an in-depth understanding of the project. In his assurance work, the auditor also takes account of the risk that the project may not be entirely performed in accordance with the grant letter.

The auditor must receive a letter of representation from the grant recipient's management stating that, to the best of its knowledge, the financial statement encompasses all transactions and receipts, is accurate and complete in every respect and that all grant conditions have been met.

The auditor must ensure that the audit file contains sufficient documents of an appropriate and relevant nature and must record the audit procedures used and the outputs obtained in the file.

Audit requirements

In performing the assurance engagement, the auditor is to establish that at least the following has been complied with:

- all expenditures in the accounts are legitimate, i.e. they satisfy the criteria contained in the grant letter and the obligations listed in [chapter grant obligations](#);
- the costs included in the statements of expenditures have actually been incurred for the project activities and have been paid. The costs are related to services or goods delivered. When expenditures are related to services or goods delivered in a following year, the expenditures are taken up in the statement of the year when the services or goods have been delivered.
- The costs included in the statements of expenditures on time spent on the project are calculated based on actual time spent on the NICHE project.
- the accounts are complete and correctly recorded;
- the accounts are numerically correct;
- the accounts agree with the underlying financial records and other documents held by the parties and/or those executing the project;
- Interest received on advance payments is added to project funds and subtracted in the statement of expenditures;
- the costs have been accurately calculated, in compliance with the general and specific subsidy conditions contained in the grant letter;

- the costs in local or other currency are converted in accordance with the prevailing average exchange rate of the month the costs were incurred;
- the costs included in the statements of expenditures are based on the approved budget for the period reported on;
- the costs included in the accounts were incurred during the period stated in the grant letter. The costs related to the writing of the final narrative report and the final audit costs can be included, if incurred within four months of the end of the project;
- the costs for goods and materials do not exceed the amount approved in the budget and the goods and materials procured have become the property of the requesting Organisation;
- Specifically for projects with required co-financing (stated in the grant), the total expenditures, including the co-financed project expenditures, in the accounts are legitimate, i.e. they satisfy the criteria contained in the grant letter and the obligations listed in [chapter grant obligations](#).

5.9 Auditor's report

General

The auditor's audit results in an auditor's report. For this purpose, the auditor uses the applicable model included in 5.12. It is essential that the scope of the auditor's report is unambiguous and that any (material) findings and/or uncertainties detected are adequately represented in the report. The auditor's report is to state that it has been drawn up in accordance with the instructions of this audit protocol.

Points of attention

If during the performance of the assurance engagement, material misstatements are detected in the statement of expenditures report, they will have to be adjusted. If material misstatements are not adjusted, the auditor is not permitted to issue an unqualified assurance report. If the auditor detects any unlawfulness in connection with the project or project parties, for example any gift, reward, compensation or benefit of any kind offered or accepted in a way that could be construed as illegal or corrupt, he is obliged to report this to Nuffic.

Report

The auditor's report must include the following:

- the aim and scope of the financial audit, the audit criteria applied, where relevant, and any restrictions imposed on the scope of the audit;
- the basis of his opinion in case of material or fundamental limitation on the scope of the audit and/or non-compliance with (financial) rules and regulations;
- the auditor's opinion of the statement of expenditures.

The auditor's report concerns the certified (stamped and signed) financial statements, including disclosures and the accounting principles applied. The auditor obtains a Letter of Representation.

5.10 Review

Nuffic reserves the right to have the audit reviewed and will randomly execute reviews. The auditor concerned, party/parties and other parties involved must fully cooperate with this review, supplying the reviewer with all relevant documentation related to the audit. The auditor is obliged to provide the reviewer, if so requested, with copies of any document included in the audit file.

5.11 Audit files

The audit firm must keep an orderly and accessible audit file for the project. This file must be kept for ten years from the date the audit was completed. All working papers and reports must be in the English language.

5.12 Prescribed model for auditor's report

The auditor is obliged to incorporate the following wording stipulated in the report:

To: [Appropriate addressee]

We have audited the accompanying statement of income and expenditures under the *Netherlands Initiative for Capacity development in Higher Education (NICHE)* of [name of entity]), [statutory seat] for the period [period] in respect of NICHE Grant CF-[CF number]. The statement has been prepared by management of [entity].

Management's responsibility

Management is responsible for the preparation of the statement in accordance with the requirements set out in the Grant CF-[CF number] dated [date]. Furthermore, management is responsible for ensuring that internal controls are sufficient to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing and the audit guidelines, as referred to in the NICHE grant conditions. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of expenditures of [entity] of a total amount of eligible costs of EUR [amount] over the period [period] has been prepared in all material respects in accordance with NICHE Grant conditions.

Restriction on use and distribution

The statement has been prepared for the entity to comply with the requirements as set out in the NICHE grant. As a result, the statement may not be suitable for another purpose. Our auditor's report is solely intended for Nuffic and must not be distributed to or used by others than Nuffic.

Place and date

Name audit firm
(name auditor RA)

6. Final provision

Nuffic can deviate from the procedures and regulations in this Handbook should in specific cases, certain circumstances arise in which the application thereof lead to an unreasonable or unfair situation.

7. Glossary

In NICHE, the following words shall have the meanings as stated below.

Definitions of terms which relate to the management of interventions have been taken from or are adaptations of the OECD Glossary of Key Terms in Evaluation and Results Based Management (2002).

5 C framework:	<p>The 5C framework⁸ distinguishes ‘five core capabilities’ in organisations and in systems which provide a basis for assessing the capacity of an organisation or system at a given point in time. See NICHE 5C flyer.</p> <p>The five capabilities are:</p> <ol style="list-style-type: none">1. The capability to act and commit;2. The capability to generate development results;3. The capability to adapt and self-renew;4. The capability to relate to external stakeholders;5. The capability to achieve coherence.
Achievements:	<p>The quantitative deliverables of a project which show its effects and success. These may include project outputs and indicators for project outputs. The NICHE achievement annex is used to aggregate these achievements and show effects to external stakeholders.</p>
Activities:	<p>Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources, are mobilised to produce specific outputs. They summarise what will be undertaken by the project.</p>
Applicant:	<p>The Dutch organisation that alone or in consortium with other parties responds to a call for subsidy tenders. Also referred to as ‘bidder’. The applicant will be referred to as the provider if awarded the grant.</p>
Articulation phase:	<p>Phase in the NICHE programme in which potential requesting organisations are invited to formulate an outline for a NICHE project. The potential requesting organisations have been selected during the preceding <i>Identification phase</i>.</p>
Assumptions:	<p>Hypotheses about factors or risks which could affect the progress or success of a development intervention, but over which project parties have no direct control, e.g. price changes, unexpected rainfall, land reform policies, non-enforcement of supporting legislation.</p>
Assurance engagement:	<p>An engagement with an auditor to obtain a reasonable level of assurance in respect to the financial statement in accordance with International Standard on Auditing (ISA) 700.</p>

⁸ This framework was developed by the European Centre for Development Policy Management (ECDPM) (www.ecdpm.org)

Audit:	An independent, objective assurance activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to assess and improve the effectiveness of risk management, control and governance processes. The term <i>audit</i> used in the audit protocol must be understood as 'the performance of an assurance engagement'.
Auditor:	The expert associated to the International Federation of Accountants (IFAC).
Auditor's report:	The auditor's reporting format, in which the auditor formulates his opinion based on the assurance engagement carried out by him and which also complies with the provisions of ISA 700.
Baseline:	The situation prior to an intervention, against which progress can be assessed or comparisons made.
Beneficiaries:	The individuals, groups or organisations, whether targeted or not, that benefit, directly or indirectly, from the development intervention.
Bid:	A sealed set of documents, including the project proposal, submitted in response to a call for subsidy tenders containing detailed information on the requirements and terms of a call for subsidy tenders. This bid is the subsidy request of the Dutch organisation.
Bidder:	The Dutch organisation that alone or in consortium with other parties responds to a call for subsidy tenders. Also referred to as 'applicant'.
Budget:	Expected costs in relation to outputs and cost categories.
(Call for) subsidy tenders:	A procedure for generating competing bids from Dutch organisations that wish to apply for a subsidy in order to implement a project.
Capability	The collective ability of a group or a system to do something either inside or outside the system (Morgan, 2006).
Capability to achieve coherence:	The capability of an organisation to be consistent between vision, strategy and operations and between mandate and identity and to maintain a balance between innovation and stability.
Capability to act and commit:	The capability of an organisation to work properly: to plan, take decisions and act on these decisions collectively.
Capability to adapt and self-renew:	

The capability of an organisation to learn internally and to adjust to shifting contexts and relevant trends

Capability to generate development results:

The capability an organisation to ensure that it is producing what it is established to do.

Capability to relate to external stakeholders:

The capability of an organisation to build and maintain networks with external actors.

Capacity:

The overall ability of an organisation or system to create value for others (Morgan, 2006).

Capacity development:

The process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity overtime. See also *Integrated capacity development*.

Competencies

The energies, skills and abilities of individuals.

Consortium:

A joint venture project between two or more providing organisations. The organisations sign an agreement in which the roles, responsibilities and legal obligations of each party are clearly indicated. Also see 'single point responsibility'. NICHE treats sub-contractors and consortium members likewise.

Cross-cutting themes:

NICHE has identified two cross-cutting themes, which must be considered in all preparation and implementation of programmes and projects: equal opportunities for women and men and the link between capacity development and the needs of the labour market.

Development intervention:

An instrument for partner (donor and non-donor) support to promote development.

Effect:

Intended or unintended change due directly or indirectly to an intervention.

Effectiveness:

The extent to which the development intervention's objective was achieved, or is expected to be achieved.

Efficiency:

A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into outputs.

Entrepreneurial skills:

The skills and competencies that enable an individual to conceive, develop and manage initiatives to transform materials, knowledge and/or talent into economically valuable goods and services.

Equal opportunities:	This refers to equal opportunities for women and men and is one of the cross-cutting themes of the NICHE programme. NICHE projects are expected to actively promote the achievement of gender equality in project implementation as well as in the contents and delivery of education and training activities.
Evaluation:	The systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation must provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors.
Gender:	Refers to the socially constructed roles and behaviours of and expectations regarding women and men in society. Contrary to sex, gender roles are not biologically given, but are learned and changeable over time. They differ per society and are shaped by social, economic, political, cultural and many other factors.
Gender analysis:	The study of differences in the conditions, needs, participation rates, access to resources and development, control of assets, decision-making powers, etc. between women and men in their assigned gender roles. It provides the basis for gender mainstreaming.
Gender equality:	All human beings are free to develop their personal abilities and make choices without the limitations set by strict gender roles. It implies that the different behaviour, aspirations and needs of women and men are considered, valued and favoured equally.
Gender gap:	The gap in any area between women and men in terms of their levels of participation, access, rights, remuneration or benefits.
Gender mainstreaming:	A strategy aimed at achieving gender equality. It concerns the incorporation of a gender perspective and of awareness of gender needs, roles and expectations (i.e. a gender analysis) in all development efforts (cooperation, interventions), including policymaking, strategy development and interventions. In the project cycle it involves: a) the definition of gender-specific objectives; b) the use of sex-disaggregated data and indicators; c) a gender-sensitive monitoring and evaluation system; and d) human resource planning and budgeting.
Gender sensitiveness:	When a person is aware of existing gender differences and therefore of the different effects and impact of any intervention on women and men. He or she has the skills to incorporate this awareness in his or her actions.

Grant:	Grants are funds disbursed to a recipient to implement a specific project. The grant includes the maximum financial contribution and the conditions and obligations associated with it.
Grant award	The decision to award a grant, taken by Nuffic.
Grant awarded party/parties	The organisations that receive the grant (and that will implement the project).
Grant letter:	The letter in which Nuffic informs the parties about the decision to award a grant. If an application is accepted, the grant letter includes, among other things, the obligations associated with the grant.
Grant period:	The period as from the project start date until the project end date of the project, as stated in the grant.
Holistic approach	Integrated approach towards capacity development. Also see 'integrated capacity development'.
Identification phase:	Phase of the NICHE programme in which the demands and needs for NICHE interventions in a NICHE country are identified, policy priorities for interventions are selected and potential project parties are identified together with the EKN.
Impact:	Refers to <i>Overall Objective</i> . Long-term benefit (<i>impact</i>) of the project for the target group or the wider benefit it will have for the community or society in general. Indicator: Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor. Indicators are an integral part of the outputs and outcomes included in the grant letter. Indicators must be measurable in a consistent way and at an acceptable cost. A good indicator must be SMART: S pecific (measure what it is supposed to be measured) M easurable A vailable at an acceptable cost R elevant with regard to the objective concerned T ime-bound
Inputs:	The financial, human, and material resources used for the development intervention.
Institutional development:	Changing the external rules and enabling conditions which determine the proper functioning of organisations. The rules may be formal or informal, i.e. political, economic and cultural factors. The formal rules include legal systems, property rights, enforcement mechanisms; the informal rules include customs and

traditions. This complex of formal and informal rules of the game is also called the *enabling environment*.

Integrated capacity development:

An integrated approach to capacity development which combines individual development with organisational reforms and institutional changes in order to effectively use newly acquired knowledge and skills. NICHE uses the 5C framework to monitor the integrated approach to capacity development.

Joint initiatives

A modality within NICHE which aims to create opportunities for organisations to continue their cooperation after they have (nearly) finished a NICHE project. This continuation should lead to a sustainable partnership based on shared interests.

Labour market orientation

This is one of two cross cutting themes. Labour market: The education and training courses developed by NICHE projects have to enable graduates to find employment or to become self-employed. NICHE stimulates strong links between NICHE interventions and labour market needs, with a focus on vocational education and training (TVET) and entrepreneurial skill development with active involvement of third parties, including the private sector.

Learning initiatives

A modality within NICHE which provides extra learning opportunities by making small learning subsidies available to NICHE project implementers. This learning facility is designed to optimise learning, creativity and collaboration within NICHE.

Learning organisation:

An organisation which builds and improves its own practice, consciously and continually devising and developing the means to draw learning from its own and others' experience. See also: *Organisational learning*.

Logical framework:

Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure.

Lump sum:

A fixed amount, independent of costs made and paid, which does not need to be specified in the budget.

MASP:

Multi annual strategic Plan of the Embassies of the Kingdom of the Netherlands. The NICHE programme is considered an instrument to achieve the objectives in the MASP.

Means of verification:

Statements which specify sources of information for the measurements or verification of specified data in the indicators column in the logical framework.

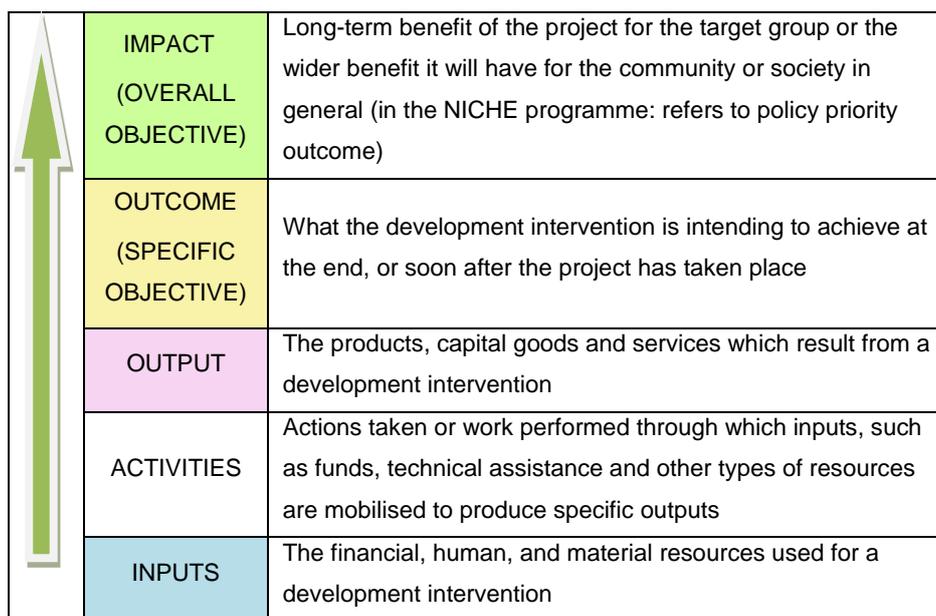
Milestone: A milestone is an intermediate result which is critical towards the attainment of the outputs. It is used as a reference point to indicate the progress in achieving the proposed output(s) and outcome(s).

Monitoring: Monitoring is the regular observation and recording of activities in progress to ensure they are on-course and on-schedule to meet the objectives and performance targets.

Narrative report: The annual/final update concerning progress and the outputs and outcomes obtained during the relevant project.

NICHE country programme (NCP): A document which describes the intended outcomes of the NICHE programme in a NICHE country. It serves as a basis for further programme development, including the choice of requesting organisations and country programme monitoring.

NICHE intervention logic: The programme logic that explains how the overall objective is to be achieved, including causal relationships. The logic is visualised in the figure below.



Organisational development: A process by which an organisation (or part of an organisation: e.g. a department) is given the capacity to set and achieve objectives, to adapt to (new) developments and to solve problems in a sustainable manner.

Organisational learning: Process of systematic monitoring and information sharing by organisations and project parties in order to use learning experiences as instruments to continuously assess and improve the functioning of a project, programme and/or organisation.

Outcome:	What the programme or project is intending to achieve at the end, or soon after the programme or project has taken place. Refers to 'specific objective'.
Output:	The products, capital goods and services which result from a development intervention; this may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Overall objective:	Long-term benefit (<i>impact</i>) of the project for the target group or the wider benefit it will have for the community or society in general. Also known as: development objective.
Ownership:	The state or fact of being an owner of the development intervention. Ownership has three dimensions: knowledge about the development intervention and what it intends to achieve, influence on the design and implementation of the intervention, interests served by the intervention.
Performance:	The degree to which a development intervention or a development partner operates according to specific criteria/standards/guidelines or achieves results in accordance with stated objectives or plans.
Plan of Implementation:	A document which describes the purpose and intentions of the implementation of the NICHE programme in a selected policy priority in a NICHE country. As of 2014, the plans of implementation are integrated in the NICHE Country Programmes.
Policy priorities:	Priorities in Dutch development policy: food security, water, security and the rule of law, and women's rights and sexual and reproductive health and rights.
Policy priority outcome:	Outcome at policy priority level to which the project will contribute in the long-term. Relates to the intended outcomes of the NICHE programme as developed in the NICHE Country Programme (NCP) and to the Embassy's objectives in the MASP. (Refer to 'Overall objective')
Preconditions:	Conditions that must be satisfied before project activities can start.
Project:	A temporary activity with a starting date, specific goals and conditions, defined responsibilities, a budget, a planning, a fixed end date and multiple parties involved.
Project parties:	In the NICHE programme: the Dutch provider and the requesting organisation.
Programme Outline:	A document which describes the objectives and intended outcomes of the NICHE programme in a NICHE country. As of 2014, the Programme Outline is integrated with its Plans of Implementation and called the NICHE country programme (NCP).

Project outline:	Description of the outcome(s) an organisation wishes to achieve and an analysis of its capabilities. The outline is the basis for the call for subsidy tender in the Netherlands to select a Dutch provider
Project proposal:	A Dutch organisation competing for the project grant submits a project proposal as part of its bid. This document explains how the organisation will approach the project and specifies the outputs that will be delivered in order to achieve outcomes stated in the project outline.
Project year:	Period as indicated in the grant letter which forms the basis for reporting (12 months).
Provider:	Selected Dutch organisation that will assist the requesting organisation with the realisation of the project outcomes concerning capacity building. The provider can act on its own or be the lead of a consortium of two or more organisations. In the grant, the provider is referred to as party B.
Relevance:	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.
Requesting organisation:	The organisation from one of the NICHE countries which is invited to submit an outline for a NICHE project or that implements a NICHE project. The requesting organisation can act on its own or together with other co-requesting organisations. In the grant, the requesting organisation is referred to as party A.
Results:	NICHE uses the terms output and outcome to refer to the effects of an intervention.
Single-point responsibility:	The Dutch organisation may submit a subsidy tender either on its own or in cooperation with other organisations, by forming a consortium or by hiring sub-contractors. In all cases there must be only one Dutch lead organisation. The requesting organisation in a project can also be a group of requesting organisations. In all cases, there must only be one lead requesting organisation in a single project. The lead requesting organisation and the Dutch lead organisation together bear full responsibility for the grant, its obligations and all project activities implemented. This construction is known as 'single-point responsibility'.
Specific objective:	What the programme or project is intending to achieve in terms of outcome at the end of the programme or project, or soon after the project has taken place. Refers to 'outcome'.
Staff member:	Any person who is a full-time or part-time employee of the organisation.

Stakeholder:	A person, group, or organisation with a direct or indirect stake in an intervention because it can affect or be affected by the intervention's objectives and actions.
Statement of expenditures:	The financial statement of expenditures incurred during a completed project period. This statement must be based on actual time spent and actual costs, and be compliant with the approved budget and the obligations in the grant and in the NICHE Handbook. A Statement of Expenditures refers to expenditures incurred during a project year, and the Final Statement of Expenditures to those incurred during the whole project.
Sub-contractors:	Two or more providing organisations who sign a sub-contract in which the roles, responsibilities and legal obligations of each party are clearly indicated. Also see 'single point responsibility'. NICHE treats sub-contractors and consortium members likewise.
Sustainability:	The likelihood that the project's final results will be sustained at an acceptable level after the external intervention has ended. NICHE distinguishes between financial, technical, academic and organisational sustainability.
Target group:	The specific individuals or organisations for whose benefit the development intervention is undertaken.
Technical Vocational Education and Training (TVET):	Education and training which focuses on the acquisition of practical skills, attitudes, understanding and knowledge related to occupations in various policy themes of economic and social life. NICHE focuses on TVET at post-secondary levels in the formal schooling systems. Also referred to as VET.
Tender:	See '(Call for) subsidy tenders'.
Tender document:	A package of information about the call for subsidy tenders which includes the tender procedure, the project outline and descriptions of the NICHE programme.
Tender Evaluation Committee (TEC):	The TEC evaluates all the bids submitted by Dutch organisations (i.e. the applicants) seeking a Grant to conduct a particular project. The TEC will consist of three members: an independent chair, a representative of the requesting organisation, and a Nuffic programme administrator.
Tender procedure:	This procedure begins with the call for subsidy tenders and ends with the selection of a winning bid by the Tender Evaluation Committee and the acceptance of the winning Dutch provider by the requesting organisation.
Vocational Education and Training (VET)	

Education and training which focuses on the acquisition of practical skills, attitudes, understanding and knowledge related to occupations in various policy themes of economic and social life. NICHE focuses on TVET at post-secondary levels in the formal schooling systems. Also referred to as TVET.

7. Formats

Please refer to the [Document Download Area](#) at the NICHE website where these and other formats are available for download (also in French).

- A. [Profile](#)
- B. [Project outline format](#)
- C. [Checklist Organisational Capacity Assessment \(COCA\)](#)
- D. [Logical framework](#)
- E. [Financial format](#)
- F. [Grant letter example](#)
- G. [Guidelines for Memorandum of Understanding between requesting organisation and provider](#)
- H. [Annual report format](#)
- I. [Report 0 format](#)
- J. [Achievement Annex](#)
- K. [Sustainability barometer](#)
- L. [Long-term staff training extension format](#)
- M. [Joint initiative proposal format](#)
- N. [Financial format for joint initiatives](#)