

RedLAC Capacity Building Project

Pilot projects on innovative financial mechanisms – operational manual

I. General Definitions

1. Institution responsible for the project

It is the institution legally responsible for the project before Funbio in charge of the coordination, supervision and execution of the project, including the coordination of external partners.

2. Project coordinator

It is the person responsible for the project as designated by the institution responsible for the project who will technical and financially manage the project.

3. Financial manager of the project

It is the financial manager designated by the institution responsible for the project who will manage the project's bank account. The financial manager of the project can be the same person as the Project coordinator.

4. RedLAC Capacity Building Project manager

It is the Funbio employee responsible for the overall supervision of the RedLAC Capacity Building Project. The RedLAC Capacity Building Project manager will manage the RedLAC Capacity Building Project within Funbio and communicate with the project coordinator.

5. Work plan

It is the detailed project design, which identifies the summary of the project costs, objectives, targets, indicators, methodologies, logical framework and timeline.

6. Project bank account

It is the bank account opened and managed by the financial manager of the project. This account is used exclusively for implementing the work plan of the project.

7. Eligible expenses

These are the expenses that are eligible to be supported by the RedLAC Capacity Building Project. Eligible expenses are:

- a) Consultants contracting
- b) Services contracting
- c) Travel tickets: national or international, air tickets or terrestrial tickets
- d) Per Diem: includes food, accommodation and travel costs. Per Diem should be the same amount for all who receive it, it is not allowed for different amounts of Per Diem according to hierarchy.

- e) Goods: equipment, vehicles and furniture
- f) General expenses: copies, equipment maintenance, gasoline, etc.
- g) Staff salaries and taxes: planned in the project work plan

8. Reporting

There are three types of reports: the semiannual narrative report, the semiannual financial report and the final report. All reports aim at monitoring and measuring the goals and results achieved by the project. All reports have to be produced following the lines of the project's work plan.

II. Contracts:

Necessary documents to the contracts:

- 1. Constitutional documents (such as bylaws)
- 2. Institution registration number to the national authorities
- 3. Legal representatives and minutes of the Board meeting which elected the legal representatives
- 4. Identification document of the legal representatives
- 5. Proof of opening of the bank account specifically for the project, provided by any financial institution (including SWIFT and IBAN codes for international transfers)
- 6. Letter of the institution designating the project coordinator and the financial manager

III. Project Management

Funbio has the responsibility to:

- a) Guide and clarify the doubts of the Project coordinator and external partners on how to apply the conditions and procedures stated in this manual.
- b) Monitor the project's work plan from a managerial point of view, guiding and/or taking necessary measures for potential adjustments in the project.
- c) Design and communicate the monitoring and evaluation procedures for the project.
- d) Apply the monitoring procedures through monitoring systems, visits and participative evaluations, as a way to verify the achieved results and debate potentially necessary adjustments.
- e) Evaluate the reports based on the execution of the work plan, as well as the developed products.

1. Use of resources

These are the rules for the use of financial resources transferred by Funbio to the institution responsible for the Project.

- a) Use the resources exclusively for the activities and goals established in the approved work plan. Expenses that are not predicted by the work plan should be explained and justified by the project coordinator and previously approved by Funbio.
- b) Strictly follow the procurement, contracting and payment rules defined in this manual.

- c) Use the acquired goods only in accordance to the goals established in the work plan.
- d) Operate the exclusive bank account for the project according to the rules established in this manual.
- e) Only pay the expenses incurred by the project during the duration of the contract.
- f) Loans or transfers to other projects and/or institutions must be previously authorized by Funbio in writing.
- g) Do not pay expenses which include fines, interests and any other fee resulting from a delay in meeting deadlines.
- h) Ensure that the every use of resources is supported by the proper documentation and in accordance to the usual accounting practices and that records are kept for at least five years after the projects has ended.
- i) Expenses beyond the approved budget should be justified and covered by the reallocation of resources of the project or by new resources raised by the institution responsible for the Project and approved by Funbio.

The disbursement of resources will be suspended if the following conditions for the project execution, such as the ones listed below, are not met:

- Payment of expenses not predicted, unjustified and not previously approved by Funbio;
- Accounting reports that are overdue, incomplete or lacking the necessary documents;
- Accounting reports not approved by Funbio;
- Transfers in the project bank account at odds with this manual;
- Procurement, contracting and payment procedures at odds with this manual.

2. Disbursements

Funbio disburses in the Project bank account according to the approved schedule. From the second disbursement onwards, Funbio will only deposit resources after analyzing and approving the semiannual report and ensuring that at least 70% of the resources from the first disbursement were used.

No disbursement will be greater than 50% of the total amount of resources granted by Funbio.

3. Counterpart

The institution responsible for the Project must mandatorily present a minimum counterpart of 50% of the total amount requested to Funbio. The counterpart should be covered by financial resources.

The project coordinator must prove the use of counterpart resources through a bank deposit in the project bank account or through accounting records, following the approved project budget.

4. Transfers in the project bank account

The Project exclusive bank account should maintain only resources of the project. In case there is a postponement in using the resources already disbursed by Funbio, the institution responsible for the project may use these resources in financial investments, as long as these investments are short termed and of fixed income. The income derived from such investments must be used in the project, primarily for covering bank fees. The investments are always linked to the project bank account, which means that all transfers and movements should be made through the project exclusive bank account.

5. Payments

The payments made from the project exclusive bank account require authorization from the project coordinator. They also require invoices, receipts or bills of debt on behalf of the institution responsible for the project, accounted for in accordance with the current standards.

6. Procurement rules

Any expenditure will only be authorized when predicted in the project budget elaborated by the institution. In order to be accompanied and controlled, there are several documents that compose the hiring process, including: Quotation Requests; Purchase Requests; Invoice or Receipt; Exchanged of Correspondences; Services Contracts; Consultants' Products (reports, diagnoses, studies, etc.). These documents must be archived by the responsible institution.

a) Contracting services

The hiring of companies or individuals must occur only for specific short term service, such as organization of events, courses or workshops of any nature; meeting mediations, car rentals, transportations services, equipment and infra-structure maintenance, translations, graphic design, among others.

In the payment of any installment to the service provider, company or individual, the charging of taxes is an obligation of the institution that is hiring the service.

It is mandatory to compare prices through prices quotations and the contract cannot exceed 20 thousand dollars. The Quotation Requests should be solicited to the provider by fax or e-mail. When sent by e-mail, quotation requests and provider's answers must be printed to the archiving of the process. It is only valid as documental evidence the printed e-mail with date, sender and receiver of the message.

Three Quotation Requests are necessary. All requests should present exactly the same specification, in order to guarantee matching competition conditions between providers. The request must have:

- Service description;
- Time limit and foreseen location of delivery (service execution)
- Payment conditions and guarantees (when existing);
- Costs of taxes, rates, insurance and transportation;

Selection process

In the case of services, normally the selection process is based on the best price, after all requirements are verified and fulfilled. If there is any reason that justifies hiring a service provider with a higher price, it must be justified.

Contracting evidences

Depending on the amount of the service contracting, there are different aspects to be observed:

- If the amount of the service is less than 3 thousand Euros, the quotation can be approved with a mention "Quotation approved / agreement to start the services" signed by a person within the fund's staff.

- If the amount of the service is more than 3 thousand Euros and less than 30 thousand Euros, a letter of command to the service provider (with precise identification and address) confirming the hiring, the purpose of the service, the cost (with the chosen quotation as annex of this letter), the timeline and condition of payment signed by the fund and signed by the service provider can start to engage the both parties.
- If the amount is more than 30 thousand Euros a contract between the parties (the fund and the service provider) should be signed.

When the service is hired, payment is proved by invoice to consumer. Outdated invoices will not be accepted. If the service provider cannot provide an invoice, a receipt will be accepted only as an exception.

b) Hiring procedures to Individual Consultants

The hiring of individuals is indicated to services that do not require the participation of a team and when the experience of qualified professionals is the main requirement. In this case, a Term of Reference (TOR) is needed to guide the hiring process and the contract cannot exceed 30 thousand dollars.

TOR is the document elaborated to start the hiring process of an individual consultant or consulting company. This document should specify the scope and reach of the services to be hired, the expected results, the products, time limits and product and services responsibilities. This should be the base to the hiring process.

The steps to the hiring of individuals with a TOR are:

- Elaboration of a TOR (Annex 02 provides a suggestion). The estimated cost of the service execution should not be mentioned in the TOR. It should be calculated on the side, serving as a reference to the analysis and evaluation of the proposal.
- The TOR should be sent by fax or e-mail to at least three specialists, establishing a time limit to their response;
- The interested service providers send a work proposal that corresponds to the TOR parameters, including the price of the service;
- The fund select the best proposal, taking into account the experience, work methodology, professional skills and proposed price;
- The fund can sign the contract with the selected specialist.

Selection process

After receiving the proposals, a selection committee is composed to analyze all proposals and define the best quoted to be hired. This committee should be composed of people with proven knowledge on the topic, who can be from the fund's staff.

Contracting evidences

The contracting evidences for individual consultancy follow the same guidelines for services contracting.

c) Hiring procedures to Consulting Companies

The hiring of a consulting company is recommended when the nature of the service requires a diverse set of tasks that demand a large number of people for coordination, administration and other collective responsibilities. This type of hiring cannot exceed 30 thousand dollars and the steps are:

- Elaboration of a TOR in the same guidelines as in the previous case.
- TOR should be sent by e-mail or regular mail to three specialized companies or institutions, establishing the time limit to their response.
- The interested service providers send their work proposal within the TOR parameters, including the price of the service.
- The fund selects the best proposal, taking in account the company's experience, work methodology, key-staff (team) and proposed price.
- The fund can sign the contract with the selected company.

Selection process

After receiving the proposals, a selection committee is composed to analyze all proposals and define the best quoted to be hired. This committee should be composed of people with proven knowledge on the topic, who can be from the fund's staff.

Contracting evidences

The contracting evidences for individual consultancy follow the same guidelines for services contracting.

d) Air tickets

The request for tickets should be made following the current procedures of each fund, making sure evidences of the trips are kept (for example, invoices of the travel agency).

e) Per diem

Amount transferred to a traveler to cover travel expenses on accommodation, transportation and meals that doesn't require an expense report. Amount should be calculated according to the number of travel days.

f) Direct hiring or purchase

Purchases and contracts worth less than US\$ 3,000.00 can be carried out without the application of the above processes. Exceptionally, direct purchase and hiring of higher values have to be approved by Funbio and can occur when:

- It is necessary to complement previous jobs or jobs in process
- It is an emergency
- It is necessary for an equipment already acquired
- It is commercialized exclusively by one provider

7. Monitoring and Evaluation

Funbio will be responsible for:

- a) Analyze and develop a Feedback Report about the project's semiannual reports, based on the indicators suggested by the project and/or set by Funbio.
- b) Request, when necessary, that the project coordinator properly revise, adjust, correct or justify the noted inconsistencies.
- c) Forward the final Feedback Report to the Project coordinator.
- d) Monitor the project's development and results through field visit, with or without the support of external independent consultants, or through meetings with the project coordinator.
- e) Send the agenda proposal to the field visit and/or meeting and identify the main points to be evaluated. This agenda proposal will be sent with at least ten days in advance to inform the institution responsible for the project and allow for adjustments.
- f) Develop a Feedback Report about the field visits and/or meetings. This report should be delivered by Funbio to the project coordinator one month after the field visit/meeting.

The Project coordinator is responsible for:

- a) Provide Funbio with the requested information and clarifications concerning the monitoring of the project's execution.
- b) Support the planning and execution of Funbio's field visit and/or meeting with project coordinator and facilitate access to information and documents related to the project.
- c) Accompany auditors and consultants accredited and designated by Funbio.

Narrative and Financial Semiannual Report

The narrative semiannual report should report the progress of activities planned for that period (six months) following the format of the work plan. The financial semiannual report is composed of a table following Funbio's template, which will be electronically provided prior to the deadline, and bank extract.

The deadline for Funbio to analyze and develop a Feedback Report is one month after electronically receiving the reports.

Final Report

At the end of the project, the project coordinator should send Funbio a Final Activities Report, which should describe:

- a) The reach of the set goals and achieved results.
- b) The main issues raised during the project execution, as well as the solutions to solve them.
- c) The main lessons and contributions of the developed project to biodiversity conservation and/or sustainable use of natural resources.
- d) The future perspectives of the initiative, considering the continuity, scalability and/or potential of replication of the initially supported actions.
- e) The financial analysis of the Project.



The Final Report should be electronically presented to Funbio 30 days after the end of the Project.

Funbio will have 30 days to analyze and electronically return the Final Report to the project coordinator for adjustments.

Following approval, Funbio requires that the corrected and approved version of the Final Report be signed by the Project coordinator and sent within one week by mail with cover letter to the Documentation Center of Funbio.

The signing of a Term of Closure of the Project by both parties will formally close the project.

8. Documentation and archiving

The institution responsible for the project will be in charge of archiving all the necessary documents for the verification of processes, such as:

- Contracts
- Work plans
- Narrative and Financial Reports
- Final Report
- Contracting procedures: ToRs, specification of goods and services, curricula, requests for quotation, purchase orders, selection processes and contracts.

All original documentation related to the project execution is archived for five years after the end of the project or for the time established by the governing law, whichever is greater. Documentation must be available upon request for auditing.