



NCF 7-9 Project Implementation Manual

June 2019



Table of Contents

1 INTRODUCTION	4
2 GRANTEES' RESPONSIBILITIES	4
3 PROGRESS REPORTING	4
3.1 Progress report.....	4
3.2 Project completion report.....	5
3.3 Two-year follow-up	6
4 FINANCIAL MANAGEMENT	6
4.1 Eligible expenditures	6
4.2 Ineligible expenditures.....	7
4.3 Financial reporting	8
4.4 Disbursements	8
4.4.1 Advance payments.....	9
4.4.2 Final disbursements	10
4.5 Reallocation of funds between budget items.....	10
4.6 Reallocation of funds between budget milestones	11
4.7 Use of contingencies	11
4.8 Time sheets.....	11
4.9 Financial audits	12
5 MONITORING PRINCIPLES.....	13
6 PROCUREMENT	14
6.1 Procurement Plan.....	15
7 INTEGRITY AND ANTICORRUPTION	15
8 OUTREACH.....	15
8.1 Guidance on use of NCF logo.....	16
Annex 1 Individual timesheet example	17
Annex 2 Draft terms of reference for financial audits	18



Abbreviations

DR	Disbursement request
NCF	Nordic Climate Facility
NDF	Nordic Development Fund
PIM	Project Implementation Manual
TOR	Terms of Reference



1 INTRODUCTION

The purpose of this Project Implementation Manual (PIM) is to explain the implementation processes and reporting requirements of the Nordic Climate Facility (NCF), a challenge fund set-up and financed by the Nordic Development Fund (NDF).

The PIM provides guidance to NCF's 7th, 8th and 9th call for proposals (NCF7, NCF8, NCF9) grantees and their project partners during project implementation. The PIM also explains the implementation requirements for parties interested in seeking NCF financing.

The PIM is subject to revisions by NDF. NDF will inform grantees of any revisions and the latest version will always be available on the NCF website (www.nordicclimatefacility.com)

Please contact the NCF management team (NCF team) if you have any questions or need any additional guidance on the implementation requirements of NCF: NordicClimateFacility@ndf.fi

2 GRANTEES' RESPONSIBILITIES

The NCF grantee is fully responsible for ensuring that the implementation and reporting of NCF projects are in accordance with the Grant Agreement and the PIM. The PIM is meant to be aligned with the Grant Agreement. If any part of the PIM is in conflict with the Grant Agreement, the Grant Agreement shall prevail.

The NCF grantee shall promptly inform NDF of any issues that may hinder the successful implementation of the project, i.e. one or more of the planned results (outcomes and/ or outputs) may not be achieved within the agreed budget or timeframe. The grantee should also inform NDF about change of scope and implementation delays, and shall, if necessary, request an extension of the closing date. The request will need to include justifications for the extension as well as a new proposed closing date.

3 PROGRESS REPORTING

Progress reporting is based on milestones, i.e. linked to the completion of a milestone. A milestone is completed when the agreed milestone deliverables have been implemented. Deliverables for each milestone are defined during project design. Reporting templates will be available on the NCF website (www.nordicclimatefacility.com).

3.1 Progress report

A narrative progress report should be submitted to NDF at the end of each milestone together with a financial report. The narrative part of the report includes:



- A summary of the cumulative progress so far. This summary may be published on the NCF website to serve as an update of the project's progress;
- Description of the progress towards achieving the agreed milestone deliverables. Outputs and activities achieved should be compared against those originally set out for the milestone, and an assessment should be made whether the implemented activities have contributed towards the planned outcomes and outputs. Reports, studies, surveys, evaluations, etc., that are defined as milestone deliverables, or as means of verification for a deliverable(/s), should be included as attachments to the report.
- List of milestone deliverables planned but not implemented. An explanation of why they were not implemented, as well as when and if they will be implemented should be included in this list. Information on any budgetary implications should also be provided;
- A status update on risks that may negatively affect the successful and timely implementation of the project;
- Lessons learnt;
- Project pictures with a consent that NCF and NDF may use them for marketing purposes, both in online and print media. Credentials should be provided together with the pictures.

3.2 Project completion report

A project completion report should be submitted together with the reporting for the last milestone. The project completion report should:

- Describe the achieved results compared to the planned results and targets;
- Provide information on how the project has contributed to NCF's key development indicators (see section 5)
- Assess effectiveness, efficiency, relevance, impact and sustainability;
- Include an extensive section on lessons learned;
- Describe next steps, i.e. how the project partners intend to take the business concept to the next stage of project development. If the final assessment of the project is that the business concept is not sustainable for further development, an elaborate report on lessons learnt should be provided explaining why the business concept will not be developed further;
- Include a two-page fact sheet that summarises the project results. The fact sheet is intended to disseminate results to attract possible investors and financiers for scaling-up or replication. In addition, it can be used for disseminating project results to a wider audience or the media through the project partners' or NCF's website or in print. The costs of developing the fact sheet may be included in the overall project budget.



3.3 Two-year follow-up

The development impacts of NCF projects are in many cases not fully visible until after a few years of completion. In order to assess the full impact of the NCF portfolio, NDF may, after two years, collect data from NCF grantees and project partners through a survey, or conduct an external evaluation of selected projects. The two-year follow-up will focus on NCF's key development impact indicators as well as the continued development of the project concept.

4 FINANCIAL MANAGEMENT

4.1 Eligible expenditures

Reasonable costs related to the following items are considered eligible project expenditures:

- daily remuneration rates of project staff¹;
- services purchased from external service providers;
- costs related to monitoring and evaluation of project effectiveness;
- equipment and machinery necessary for the implementation of the project, as well as the acquisition costs for the equipment and machinery;
- rental of equipment, machinery and/or premises necessary for project implementation;
- administrative costs such as accounting, back-office support, telephone, postal, printing, etc., which have occurred directly from the implementation of the project. In case an overhead is used to cover these administrative expenditures, a signed letter explaining the cost structure and calculation basis of the overhead needs to be submitted to NDF for approval. The overhead cannot include a profit for the organisation, which should also be confirmed in the letter;
- staff travel² and accommodation expenditures as well as daily allowances. The per diem rates of each partner organisation should be based on standard practice and rates in the given national context. It should be made clear in the project budget if the selected per diem rate covers both accommodation and daily allowance or solely daily allowance;
- transaction costs and costs related to currency conversion directly related to the implementation of the project;
- taxes (as defined in the section below);
- financial audit costs; and
- project-related legal expenses.

The project expenditures cannot generate profit for the project partners. Daily remuneration rates need to reflect the companies' or organisations' actual costs for a project staff member. To ensure cost efficiency, services and equipment purchased under the project should be procured following

¹ Significant increases in agreed remuneration rates require NDF's prior approval.

² All travel should be in economy class and the most cost efficient ticket within reasonable travel time should be booked.



NCF procurement principles (see section 6). If a project partner's own product is used, the valuation of the product should be based on its production cost. If requested, the manufacturer of the product should be able to present relevant documentation showing the actual production cost.

Taxes

It is the responsibility of the lead Nordic partner to fully acquaint itself with the tax and excise laws in force, which are applicable in relation to the project, or to the receipt of funding from NCF prior to the submission of the full proposal. In the application phase, the lead Nordic partner shall clarify the value added tax (VAT) status of project partners within the Nordic countries and the European Union.

Reasonable duties, taxes and other levies payable by project partners (Nordic, local and/or other) in relation to the implementation of the project can be included as a cost in the budget. However, VAT that may be deducted or refunded, or compensated for in another way, cannot be included as budget costs. Furthermore, VAT can only be included in the budget when applicable in the country of implementation, whereas costs incurred in a Nordic country or within the European Union or elsewhere should be exclusive of VAT. Appropriate tax modifications may for well-grounded reasons be made to the budget during the negotiations phase, as agreed separately.

Taxes forming part a project's expenditures, are included in the scope of the financial audit of the project.

4.2 Ineligible expenditures

The following items are not eligible project expenditures:

- project preparation cost or any other costs incurred before the grant agreement was signed;
- expenditures that have not been approved by NDF, either in the budget or in writing after the inception of the project;
- companies'/organisations' ordinary operation costs, i.e. cost not directly related to the implementation of the project;
- merit pay, bonuses, fringe benefits and similar supplements to wages that are paid in addition to regular wage;
- general staff training;
- depreciation of equipment, machinery and vehicles;
- fines, penalty fees and legal expenses, except ordinary project-related legal expenses that have been approved in the project budget;
- loan set-up costs, loan administration costs, interest on loans and exchange rate losses;
- fees resulting from opening or managing an account, if providing the grant does not specifically require this; and
- value-added tax (VAT) that may be deducted or refunded, or compensated for in another way.



4.3 Financial reporting

A financial report should be submitted to NDF at the end of each milestone, together with the narrative progress report. Financial reporting templates will be available on the NCF website (www.nordicclimatefacility.com). The financial report covers all project accounts and should reflect the expenditures for all project partners. All expenditures need to be based on actual costs incurred and necessary for the implementation of the project.

- A narrative section of the financial report is to be included in the NCF Progress Report (see Section 3.1), explaining any deviations from the planned budget for the milestone period. The remaining part of the financial report is Excel-based. The Excel template includes sections for specifying occurred expenditures during the milestone period (including a breakdown of them), a timesheet summary presenting staff inputs (see Section 4.8) as well as a summary of invoices above EUR 500. Scanned copies of invoices above EUR 500 will have to be provided to NDF as part of the reporting. Instructions on how to fill in the financial report are available in the Excel template.
- Supporting documentation (invoices, receipts, tickets, timesheets, payslips, procurement documentation, etc.) should be available for all expenditures upon NDF's request at any point during project implementation. Spot checks may be conducted on randomly selected projects on an annual basis.
- All expenditures are to be reported in Euros. The exchange rates quoted by [OANDA](#) should be used. The exchange rate used in reporting is to be based on the average exchange rate over the reporting period. Alternatively, monthly exchange rate averages can be used in reporting if deemed more appropriate. In special circumstances, such as in cases of extreme currency fluctuations, the use of daily exchange rates can be approved (i.e. if an NCF disbursement is converted to a local currency in a single transaction, the actual rate of that exchange should be utilized). When the exchange rate used is anything but the average rate for the whole duration of the reporting period in question, prior approval from NDF is required. The exchange rate(s) used for a reporting period should be stated in the financial report.
- If there have been any changes in activities during the milestone, the financial report should also reflect these changes.

4.4 Disbursements

When a milestone is completed the grantee should submit a disbursement request to NDF together with the progress and financial report. The disbursement request template is included as an annex to the Grant Agreement. Disbursements will be conducted after the progress and financial report as well as the disbursement request have been approved and verified.

Prior to making the first disbursement, all conditions for disbursements need to be fulfilled. The conditions are stated in the Grant Agreement. The grantee should provide NDF with the following:



- Disbursement request following the template in Grant Agreement and signed on behalf of the Grantee by a person, or persons, duly authorised;
- Form of Certificate of Incumbency and Authority - a document listing the person(s) authorised to sign on behalf of the grantee (template included as an annex to the grant agreement);
- Sub-contracts between the grantee and the project partners setting out, among other things, the division of roles and responsibilities between the parties, committed co-financing amount (if applicable) and intellectual property rights, ownership and maintenance arrangements covered in Annex 1 of the Grant Agreement (Project description). Prior to execution, final drafts of the sub-contracts shall be sent to NDF for no-objection. If the sub-contracts are written in any language other than English, they should be translated to English by the project developer using a certified translator. The translated version will be the governing version.
- An account holder confirmation issued by the bank to which the payment is requested to be made. The purpose of this is to get a confirmation from the bank that the account holder indicated in the disbursement request is in fact the owner of the bank account. NDF will send out an account holder confirmation form template to the account holder, i.e. the lead Nordic partner, who needs to contact their bank to get the confirmation. Banks can either use the NDF form template or their own form, as long as it contains the necessary information needed to confirm the account holder. A scanned version of the confirmation should then sent back to NDF by email.
- NCF7 projects only: A Legal opinion - the legal opinion shall express certain legal conclusions about the grantee. The main purposes of the legal opinion are:
 - to state conclusions of law as to the ability of the grantee to enter into and perform its obligations under the Grant Agreement;
 - to inform NDF of the legal effect of the Grant Agreement; and
 - to identify legal risks (if any) that NDF should consider further and evaluate.

Legal opinions for NCF Grant Agreements may vary somewhat in scope depending on the case at hand. The template in the Grant Agreement represents the minimum requirements. The legal opinion shall be issued by a lawyer qualified in the country of registration of the grantee.

4.4.1 Advance payments

NCF can provide advance payments, i.e. a partial disbursement for the implementation of a milestone prior to the commencement of the milestone activities. At no point during the project implementation can the project have more than 20% of the total NCF grant as an advance. There can be several advance payments during the project implementation period. Advance payments



need to be planned ahead, indicated in the budget and linked to milestones. An advance payment cannot cover the full costs of a milestone. As a general rule, a maximum of 80% of NCF's milestone costs³ can be covered by an advance payment. Activities implemented with an advance payment have to be reported and approved in milestone reporting, before a subsequent advance payment can be paid out by NCF. All conditions for disbursements have to be fulfilled before an advance payment can be disbursed.

4.4.2 Final disbursements

The final disbursement request should be submitted when all activities have been completed. At least 20% of the NCF grant will be reserved for the final disbursement. By the closing date, which is stated in the grant agreement, a draft version of the progress and financial report for the final milestone, as well as a draft version of the project completion report should be submitted to NDF. After the closing date of the project, only the cost for the financial audit can be reimbursed as project expenditures. All reports should be in such a state at the closing date of the project that only minor revisions may be needed. Within three months after the closing date the progress and financial report and the completion report need to be finalised and approved. A financial audit will be conducted and approved and the final disbursement request submitted.

NDF's financing share of the total project budget cost cannot exceed the agreed co-financing share (in %) stated in the Grant Agreement. The share may vary during project implementation, but for the full project expenditures by the end of the project, the share has to be equal to or lower than the figure stated in the Grant Agreement. This share should be included in the final disbursement request.

4.5 Reallocation of funds between budget items

Reallocation of funds between the implementation budget and the administration budget has to be approved by NDF in advance.

In the implementation budget, reallocation of funds is acceptable as long as the project outcomes and outputs remain as agreed in Annex 2 (Results Framework and Milestone Deliverables) of the Grant Agreement. However, if the reallocation entails that an outcome's and/or output's total budget is amended by more than 10% or EUR 5,000, whichever is less, it requires NDF's prior approval. All significant reallocations should be clearly explained in the progress report. .

In the administration budget, reallocation of funds within a budget heading as well as between budget headings is acceptable as long as the project results remain as agreed in Annex 2 (Results Framework and Milestone Deliverables) of the Grant Agreement. However, if the reallocation entails that a budget heading's total budget is amended by more than 10% or EUR 5,000, whichever is less, it requires NDF's prior approval.

All significant reallocations should be clearly explained in the progress report.

³ NCF grant amount assigned for a milestone.

4.6 Reallocation of funds between budget milestones

Reallocation of funds between milestones is acceptable as long as the reallocation is within the same output (implementation budget) or budget heading (administration budget) and the milestone deliverables remain as agreed in Annex 2 (Results Framework and Milestone Deliverables) of the Grant Agreement. Any reallocation which will change any deliverables in a given milestone has to be approved by NDF in advance.

All significant reallocations should be clearly explained in the progress report.

4.7 Use of contingencies

Budgeted contingencies can be used to cover unforeseen activities and costs that occur during implementation. All activities covered with contingencies should contribute towards reaching the outcomes and outputs of the project. All use of contingencies requires a prior approval from NDF. All use of contingencies should be explained in the progress report and reported in the summary expenditure report (financial report).

4.8 Time sheets

All project partners are required to keep a record of working hours related to the project and corresponding workdays per month. Individual timesheets should be kept for all staff members financed by the project (including local and other partner(s)). All timesheets should be signed by the staff member in question as well as their supervisor.

Timesheets should, at a minimum, be done for each milestone (i.e. at least one timesheet per person per milestone), showing the hours dedicated to the project per workday for each month. Project-related travel, as well as weekends, national holidays and vacation days should be marked in the timesheets. As a rule, the information about absences marked in the timesheets must match the records of annual and sick leave taken of the staff member. Project-related travel marked in the timesheets must be supported by appropriate evidence, such as documentation of conferences, conference participant lists, project meeting notes, etc.

The timesheet format is optional; however, Annex 1 presents an example of an individual timesheet that fulfils the above-mentioned criteria. Timesheets and other related documentation should be made available upon request by NDF. The financial auditors will review timesheets as part of the audit.

A timesheet summary per partner organisation should be shared with NDF for each disbursement request. The summary should include the following information:

- a) Name and title of each staff member;
- b) The number of days worked per month, disaggregated for each staff member during the reporting period;
- c) Total number of worked days over the reporting period;
- d) Daily remuneration;
- e) Total cost per person for each reporting period.

<i>Name of partner organisation</i>							
a) Staff member (name and title)	b) # worked days/month (please include all months in the reporting period)				c) Total # of days (sum of b)	d) Daily remuneration (EUR)	e) Total cost (EUR) (e=c*d)
	Feb-18	Mar-18	Apr-18	May-18			
Project Associate 1	10	20	20	10.5	60.5	20	1,210
Project Associate 2	12	12	12	12	48	20	960
Project Director	18	18	18	18	54	30	1,620
Total sum							3,780

4.9 Financial audits

A financial audit is a review of the entire NCF project accounts to ensure applicable accounting rules have been followed by all project partners. NCF requires at least two financial audits during the project implementation period (mid-term and final). The final audit should be conducted after the closing date and should cover all project accounts.

The audit costs can be included in the project budget. The audits should cover the project accounts of the entire NCF project, including co-financing. The definition of project accounts in the Grant Agreement is: *“Project Accounts” means accounts kept by the Grantee and, where relevant, the Local Partner(s) and the Other Partner(s) in accordance with applicable accounting rules, showing costs and expenses incurred for the Project as well as all revenues resulting from the Project, including the Grant, received from time to time”.*

- Responsibility of the NCF grantee

The NCF grantee is fully accountable for the project’s accounts. The grantee shall keep project accounts in accordance with generally accepted accounting principles. Furthermore, the grantee shall provide, or cause to be provided, access and local arrangements for the representatives of NDF to inspect all relevant books of account relating to the use of the Grant and shall use its best efforts to ensure that the local partner(s) and other partner(s) and all contractors and sub-contractors shall make corresponding undertakings. NDF has the right to access all financial documentation linked to the project. The grantee must ensure that audit costs are included in the approved project budget.

- Audit process:

The grantee shall inform NDF about the timing of the planned audit and shall, at least six weeks prior to initiating the audit, send for NDF’s review and approval the proposed financial audit terms of reference (TOR). The scope of the audit should be agreed in advance with NDF and shall be aligned with the draft audit TOR included in Annex 2. NDF reserves the right to revise the draft audit TORs.

The grantee shall procure the auditor(s) based on the finally agreed TORs. Since the audit also covers the local and/or other partners, the auditors need to be locally relevant and speak the local language. Subcontracting of the audit assignment is allowed with NDF’s prior approval.



The grantee shall request NDF's prior approval of the selected auditor. The grantee should be able to send documentation of the selected auditor which proves the authorisation and certification of the company, should this be requested by NDF prior to approving the auditor. In case the grantees have a framework agreement with a certified audit firm, they may be used, but the grantee shall ask for prior approval by NDF. Once NDF has approved the auditor, the grantee can proceed with contracting and consequently, conducting the audits.

The final audit should take place after all expenses related to project activities have been paid.

- **Reporting:**
The audit report should be sent to NDF once the audit has been completed. The grantee should note that NDF's approval of the audit report form part of the requirements for the consecutive disbursements. In case of any concerns raised during an audit, a meeting will be set up between the grantee and NDF to agree on a way forward. Solutions may entail the arrangement of additional audits, or field visits by NDF staff/consultants.

5 MONITORING PRINCIPLES

NDF will monitor whether the project is on track to achieve its expected outcomes and outputs within the agreed budget. Progress and financial reports will serve as a basis for NDF's monitoring.

- On the facility level, NDF will monitor progress against NCF's key development indicators:
 1. Number of beneficiaries reached (disaggregated by number of women/men and girls/boys⁴)
 2. Number of people with increased resilience to climate change (disaggregated by number of women/men and girls/boys)
 3. Tonnes of CO₂e emissions reductions (actual at project completion and expected during the lifetime of the project's mitigation investments)
 4. Number of green business concepts tested
 5. Number of new decent jobs created (disaggregated by number of permanent (women/men) and seasonal (women/men))
 6. Number of people with improved livelihoods/income-generating possibilities (disaggregated by number of women/men)
 7. Number of multi-stakeholder partnerships developed
 8. Amount of funds leveraged (actual project co-financing and secured future investments for scaling-up/replication)

⁴ Girls and boys are defined as persons under the age of 18.



- NDF may conduct site visits to monitor the implementation of the project and/or verify the outcomes and outputs. The project partners should provide access and local arrangement for NDF to enable the site visits.
- Any deviations from agreed outcomes or outputs have to be approved in advance by NDF.
- NDF may conduct post-evaluation of NCF projects. These evaluations will be fully financed by NDF. Project partners are encouraged to provide time and input to facilitate these evaluations.
- All projects need to be in compliance with NDF's Environmental and Social Policy and Guidelines⁵.

6 PROCUREMENT

All procurement carried out under the NCF-financed projects should aim to achieve best possible economy, efficiency and quality. All procurement-related documentation should be archived and made available at the request of NDF.

For procurement of goods or works, the following procurement procedures apply:

- a) **Costs below EUR 3000**: procedure to be decided upon by the project partners. The price must be reasonable from a market perspective;
- b) **Costs between EUR 3000 and EUR 50,000**: Shopping - comparison of at least three quotes/offers obtained directly from suppliers,
 - The supplier with the lowest bid shall be selected.
 - The request for bids, specifications, offers and other procurement-related documentation will be archived and made available at the request of NDF.

For procurement of consultancy services, the following procurement procedures apply:

- a) **Costs below EUR 50,000**: Single source selection - direct selection of consultant(s)/firm, no tender process required.
 - Terms of reference (TOR) shall be developed for the assignment.
 - Individual consultants shall submit CVs and references to relevant assignments.
 - Firms shall submit CVs of the proposed experts and provide relevant references.
 - The price needs to be reasonable from a market perspective.

⁵ http://www.ndf.fi/sites/ndf.fi/files/attach/ndf_environmental_and_social_policy_and_guidelines_0.pdf



➤ The TORs, CVs and other procurement-related documentation should be archived and made available at the request of NDF.

b) For procurement of consultancy services, goods or works **above EUR 50 000**, the procurement procedures should be agreed upon with NDF in advance.

Dividing contracts into parts in order to keep the contract value below any threshold mentioned is strictly forbidden.

Grantees may use their own procurement procedures if they are stricter than the procurement procedures above.

6.1 Procurement plan

For NCF 8 and 9 a procurement plan is an annex to the grant agreement. The agreed procurement plan should be followed during project implementation. Deviations from the procurement plan should be discussed and agreed with NDF in advance.

7 INTEGRITY AND ANTICORRUPTION

All projects financed by NDF need to adhere to NDF's Policy on Anticorruption and Integrity, http://www.ndf.fi/sites/ndf.fi/files/attach/anticorruption_guidelines_2012.pdf.

To report concerns or evidence that corruption, fraud, coercion, collusion or obstructive practice may have occurred or is occurring, contact NDF: Nordic Development Fund, P.O Box 185, 00170 Helsinki, Finland, or email anticorruption@ndf.fi, or telephone: +358 10 618 002 (request to be connected to a member of the NDF Anticorruption Committee), or fax: +358 9 622 1491, or contact any NDF staff member. One can also report any misconduct using the web form available on NDF's website: <http://www.ndf.fi/report-suspected-misconduct>.

Any information provided will be treated as confidential and shared within NDF only on a strict need-to-know basis. Reports may be made anonymously. However, as anonymous reports are difficult to investigate, anyone making an allegation is encouraged to provide some means that will allow NDF's Anticorruption Committee to communicate with him or her.

8 OUTREACH

Sharing results and lessons learnt is an important feature of NCF. Therefore, project partners should inform NDF about information material developed during the implementation of the project and articles, blogs or videos that mention or discuss the project.

Project partners can also contact NDF to explore the possibility of jointly developing articles or publications, or arranging outreach activities/events that aim to disseminate results and lessons learnt.



8.1 Guidance on use of NCF logo

The NCF logo should be visible on all reports, information material (leaflets, brochures etc) and other documents developed by the project. The logo is available in different formats which are optimal for either print or digital uses. Projects should request the logo from NDF when needed. Based on the purpose of the use, the logo will be sent in the most suitable format.

When presenting NCF in publications, the following description should be used:

The Nordic Climate Facility (NCF) is a challenge fund that finances innovative climate change projects. NCF financing is allocated on a competitive basis with calls for proposals arranged annually. NCF is financed by the Nordic Development Fund (NDF), an international development and climate finance institution established by the Nordic countries.

Annex 1 Individual timesheet example

Name of staff: Ann Example

Name of supervisor: Ann Other Example

Organization: The Imaginary Solar Energy Company

Type of partner: Local

Milestone 1					
2017					
Day	April	May	June	July	August
1	WE	NH	6	WE	8
2	WE	4	6	WE	4
3	4	4	WE	4	4
4	4	4	WE	4	4
5			8	6	WE
6	4	WE	8	6	WE
7	4	WE	8	6	5,5
8	WE	5	8	WE	4
9	WE	5	8	WE	4
10		8	WE	8	4
11	8	8	WE	8	8
12	8	8	V	8	WE
13	8	WE	V	4	WE
14		WE	V	4	8
15	WE	4	V	WE	8
16	WE	4	V	WE	S
17	3	8	WE	8	S
18	3	8	WE	8	4
19	8	8	V	8	WE
20	8	WE	V	8	WE
21	8	WE	V	4	8
22	WE	8	4	WE	8
23	WE	8	4	WE	8
24	8	8	WE	6	8
25	8	NH	WE	6	8
26	8	8	8	6	WE
27	8	WE	8	8	WE
28	8	WE	8	8	OAA
29	WE	6	8	WE	6
30	WE	6	8	WE	8
31		6		8	8
Hours/month	110,0	128,0	100,0	136,0	127,5
Worked days/month	13,8	16,0	12,5	17,0	15,9

Explanation of colors/symbols:

WE	Weekends
V	Vacation
S	Sick leave
NH	National holiday
OAA	Other authorized absence
	Project-related travel
	Not a calendar day

Ann Example

Staff member's signature

Date: 20.02.2020

Ann Other Example

Supervisor's signature

Date: 20.02.2020

Annex 2 Draft terms of reference for financial audits

FINANCIAL AUDIT TERMS OF REFERENCE (DRAFT)

1. Background

Nordic Development Fund (NDF) has signed a Grant Agreement with [name of Grantee] (the “Grantee”) for a climate change adaptation and / or mitigation project (the “Project”).

2. Objective

The objective of the audit is for the auditor to express a professional opinion on the financing position of the Project and on the use of the grant funds and co-financing for expenditures incurred during the monitoring period under the control of the Grantee, as well as project partners [add names + define whether Local Partner, Other Nordic Partner or Other Partner]. The monitoring period entails Milestone(s) [add numbers], i.e. between [add date] and [add date].

3. Scope⁶

The audit shall be carried out in accordance with International Standards of Auditing, and shall include tests and controls, as the auditor considers necessary under the circumstances, such as to ascertain that:

- The financial implementation of the Project has taken place in accordance with the Grant Agreement as well as the Project Implementation Manual (applies only for NCF 7-9 projects, remove if not applicable);
- Budgetary deviations and reallocations are in line with approved principles;
- The Project accounts have been prepared in accordance with good financial practice and give a true and fair view of the financial situation of the Project for the relevant monitoring period and of the use of the resources and expenditures incurred during that period, including the use of co-financing for the Project;
- Expenditures are supported by supporting documents such invoices, receipts or other proof of payments as well as timesheets for staff-related expenditures;
- Expenditures reimbursed or charged to NCF do not include VAT that may be deducted or refunded, or compensated for in another way;
- Procurement made with NCF funding are in line with the NCF procurement principles;
- Expenditures are within a reasonable range of costs benchmarked against rates specified in the project budget, market prices and/or other acceptable industry, or national rates for per diem;
- The accounting and internal control systems are adequate to monitor expenditures and other financial transactions and to ensure safe custody of Project-financed assets and adequate documentation on all relevant transactions related to the Project.

⁶ The scope may be revised by NDF on a project by project basis.



4. Audit opinion

The Audit Report shall include an opinion on the Progress and Financial Reports, i.e. whether they are correct and give a true and fair view of the activities of the Project and whether the execution complies with the rules and conditions governing the use of funds as expressed or referred to in the Grant Agreement, the Progress and Financial Reporting Template and other project-specific documentation, as applicable.

Management letter

In addition to the Audit Report, the auditor shall prepare a “Management Letter”, in which the auditor shall:

- Provide comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- Identify specific deficiencies and areas of weakness in the systems and controls and make recommendations for their improvement, including the role of Local Partner(s) and possible Other Partner(s) as identified in the Grant Agreement/Project documents and/or contractors;
- Present matters that have come to the auditor’s attention during the audit and which might have a significant impact on the implementation of the Project; and
- Bring to the attention of NDF any other matters that the auditor considers pertinent.

The letter shall also indicate the measures which have been taken as a result of previous audit reports / management letters (as applicable) and whether such measures have been adequate to deal with reported shortcomings.

The Audit Report, including the Audit Opinion and Management Letter should be sealed and signed by the auditor including his/her name with certification number when sent to the NDF office.

5. Conditions and requirements

The auditor shall be given access to all documents, correspondence, and any other information associated with the Project and deemed necessary by the auditor, including but not limited to the Grant Agreement, sub-agreement(s) between the Grantee and the Local Partner(s)/Other Nordic Partner(s)/Other Partner(s) (remove partner types as applicable) and/or other contractors as relevant Progress and Financial Reports. The auditors shall be authorised in writing by the Grantee to communicate directly with NDF regarding all aspects of the Project.

6. Qualification criteria

1. Licensed auditor for providing the required services acceptable to NDF;
2. Relevant experience related to the assignment;
3. Ability to review accounts and documents in relevant languages; and
4. No subcontracting of the audit assignment by the selected auditor will be allowed without NDF’s prior approval.



7. Relevant project documentation for the audit (including but not limited to) - to be provided by the Grantee

- Grant Agreement including Annexes 1-8 (NCF 5 projects) / Annexes 1-9 (NCF 6 projects) / Annexes 1-6 (NCF 7 projects) Annexes 1-7 (NCF 8- 9 projects)
- Signed form of Certificate of Incumbency and Authority
- NCF 5 Final Application Guidelines / NCF 6 Final Application Guidelines / NCF 7 Full Proposal Application Guidelines
- Project Implementation Manual (for NCF 7-9 projects)
- Progress and financial report template
- Disbursement documentation
- Approved and signed progress and financial reports for monitoring period(s)
- Procurement plan (NCF 8-9 project)