

CHAPTER 3: PROJECT IMPLEMENTATION ARRANGEMENTS

This chapter discusses the project implementation arrangements of the Green Ag project. It emphasizes on the Annual Work Plan and Budgeting exercise, financial management rules, Fund Flow Arrangement, modality of Fund Transfer to Operational Partner, and Operational Risk Management and Assurance activities.

3.1 Contractual Arrangements

1. **National-level:** FAO India has signed a Government Cooperative Programme (GCP) Agreement with the DAC&FW, Ministry of Agriculture and Farmers Welfare (MoA&FW). This is an umbrella agreement that includes all the five agreements that FAO has signed with the Operational Partner (OP) in each state.
2. **State-level:** FAO has signed an agreement with the Operational Partner (OP) in each State using the Operational Partners Implementation Modality (OPIM), following a capacity assessment of the potential OPs. Each OP has to open a separate bank account for this project in a commercial bank and provide the details of account in the OP agreement. The account is to be operated under a dual signature. Fund will be transferred in this specific account directly by FAO. About 85 percent of the GEF funds will be routed to State Partners through the OPIM mechanism to implement project activities as outlined in the full project document.
3. NPSC/NPMC's approval is mandatory for the disbursement of funds for project implementation. This will be ensured through the approval process of the Annual Work Plan and Budget (AWP&B).
4. Institutional mechanism for agreements is given in **Annexure 1**.

3.2 Annual Work Plan and Budget (AWPB)

5. The Annual Work Plan and Budget (AWPB) for the project will be prepared and approved on an annual basis. The SPMU of each Operational partner will prepare the AWPB in close coordination with the TSG and Green landscape Implementation Unit (GLIU) in each state and draw up on the technical support of the National Project Management Unit (NPMU). The AWPB details the activities to be implemented by each Operational Partner to achieve the project outputs and output targets during the year. A detailed output-wise project budget for implementing the activities under the AWPB will also be included, together with all monitoring and supervision activities required during the year.

a) Approval process for the AWPB

6. The SPMU of each Operational Partner will submit the yearly AWPB (prepared in technical consultation with the NPMU) to the State Steering Committee (SSC) for review, advice and endorsement. After obtaining SSC's endorsement, SPMU will submit the endorsed AWPB to the National Project Management Unit (NPMU). After receipt of state AWPBs, the NPMU will generally prepare a consolidated AWPB (which includes AWPB of all/ one or more OPs and that of the NPMU) and submit it to the NPMC in DAC&FW. The NPMC will review and submit the consolidated AWPB to the National Project Steering Committee (NPSC) for approval. In case of exigencies, NPMC may approve AWPB on behalf of NPSC and take approval ex-post facto from NPSC. After NPSC's endorsement, FAO will initiate the process of operationalizing the consolidated AWPB. In addition, FAO will undertake disbursement of funds for project

implementation, to the OPs, by transfer of funds in the designated bank account of OP as per the details provided in the OP agreement. The process for AWPB approval is given in **Annexure 2**.

b) Considerations while drafting AWPB

- The AWPB must be linked to the project's Results Framework indicators and work plan, so that the project's work contributes to the achievement of the indicators within the stipulated project timelines.
- While drafting AWPB, other plans such as procurement plan, M&E plan, etc. should be taken into consideration.
- The AWPB should include the detailed activities to be implemented to achieve the project outputs and output targets, and divided into quarterly timeframes, targets and milestone months for output indicators to be achieved during the year.
- While specifying detailed activities in the AWPB, the Operational Partner should also identify relevant agencies with whom the project will collaborate/converge, especially, other Government agencies (other than through procurement) for achieving the project outputs.

3.3 Financial management

7. Financial management of GEF funds will be carried out in accordance with FAO's rules and procedures at the NPMU level and in accordance with the OP's rules and procedures at the State level. FAO will maintain a separate account in United States dollars for the project's GEF resources showing all income and expenditures. Expenditures incurred in a currency other than United States dollars will be converted into United States dollars at the United Nations operational rate of exchange on the date of the transaction. Under no circumstances, can expenditures exceed the approved total project budget or be approved beyond the NTE date of the project.

Note: With delay in project implementation due to rigid administrative rules and the onset of COVID-19 pandemic, the NPMU has developed a risk mitigation strategy with revisions made to the time-lines of various activities and associated budget. This has been shared across with all the Operational Partners for further inputs and concurrence on the same, so that planned activities could be implemented accordingly.

a) Fund Flow Arrangement

- The OP for each state will submit a work plan and budget, a narrative report (Narrative Progress Report Form in **Annexure 3**) and expenditure statements with supporting documents (Financial Report Form in **Annexure 4**) for FAO's endorsement, in line with the AWPB approved by NPSC.
- The OP will submit requisition to NPMU for release of funds (Request for Funds in **Annexure 5**). The funds will be transferred in the designated account opened by OP in a commercial bank. The account details are specifically given in the OPIM agreement signed by OP with FAO.

b) Fund Transfer to Operational Partner

General Provisions

8. FAO will provide the OP with funds to cover eligible expenditures for the activities as stipulated in the Project Document (hereinafter referred to as the “Fund Transfer”), subject to the receipt of corresponding funds from the Resource Partner and the terms of this Agreement. FAO’s Fund Transfers to the OP will not exceed the amounts specified in Article I.3. FAO will provide the funds to the OP following an Advanced Fund Transfer Modality. Funds will be transferred to the OP on a six-monthly basis, in advance of fund requirements for implementing the Project, and based on the agreed work plan. Such transfers will be subject to the receipt by FAO of satisfactory progress reports, as set out in the OP Agreement.

9. Fund Transfers shall be done in instalments as requested by the OP in the Request for Funds Form as provided, signed by an Authorized Representative of the OP, with supporting itemized cost estimate representing the funds requirements to undertake the activities identified in the work plan or as otherwise decided by FAO.

10. Under the Advance Payment Procedure, FAO will make each Fund Transfer to the OP in response to a Request for Funds from the OP, in accordance with the following procedures:

- (a) the OP will prepare the first Request for Funds in line with the National Project Steering Committee (NPSC)/National Project Monitoring Committee (NPMC) approved Annual Work Plan and Budget. The OP will submit to FAO a signed copy of this fund requisition form. FAO in turn then transfers funds to the OP on the basis of this request.
- (b) the OP will submit to FAO, the second and each subsequent Request for Funds, unless otherwise indicated by FAO in writing, every six calendar months during the term of this Agreement in an amount equal to the OP funds needs for that period relating to the activities as specified in the work plan, as well as a reasonable amount to allow continuation of project activities until the funds are transferred. The Request for Funds may not be made before expenditures have been reported to FAO, using the Financial Report Form as provided in Annex 5 to the OP Agreement. If such second or subsequent request is received in a timely fashion and is in proper form and complete, FAO will transfer the amount to the OP within a reasonable time (on the basis of approved AWPB, the actual expenditure made by OP on approved items under AWPB, available unspent and unreported project funds with OP and funds made available by Resource Partner to FAO).

11. Special terms and conditions for Fund Transfers: Any request for Fund Transfer by the OP will fulfil the following criteria to the satisfaction of FAO, failing which FAO may decide not to honour the request in whole or in part:

- (a) the amount and purpose of the request will correspond to the provisions of the Project Document, including its activities, work plan and budget;
- (b) be aligned with each state’s approved annual work plan and budget;
- (c) the request will be reasonable and justified under principles of sound financial management, in particular the principles of value for money and cost-effectiveness;

- (d) there are to be no other grounds for believing the expenditure is in contravention of OP Agreement, including the Project Document;
 - (e) prior Fund Transfers will have been reported on to FAO's satisfaction in accordance with Article XI of OP Agreement; and
 - (f) the OP must demonstrate that a minimum of 75 percent of the fund made available in previous instalments has been actually spent.
12. FAO may decide to adjust the amount of any Fund Transfers where it has reason to do so, including:
- (a) to take into consideration the general progress made to date under the Project Document; or
 - (b) to offset any unspent or unreported balance remaining with the OP from any previous Fund Transfer.
 - (c) In case of any ineligible expenditure made by OP.
13. In case adverse audit findings are made regarding the use of funds by the OP, or in case the OP (i) does not comply with reporting obligations in accordance with Article XI of OP Agreement, or (ii) significantly deviates from the agreed work plans, FAO may decide, at its sole discretion, to make quarterly disbursements under this Agreement, and require the OP to adjust its reporting accordingly.
14. FAO will only be required to transfer to the OP the amount FAO determines is due under the terms of OP Agreement. The OP agrees that FAO will not be liable to the OP or any third party, including the OP's vendor or supplier, for any amounts that FAO determines are not in compliance with the OP Agreement.
15. The administration by the OP of the Fund Transfers shall be carried out under its own financial regulations, rules and procedures, which shall provide adequate controls to ensure that the funds of the Project component are properly administered and expended. The OP shall maintain the Project account in accordance with generally accepted accounting standards and report all expenditures correspondingly in United States Dollars. Expenditures will be converted to United States Dollars using the weighted average of the exchange rate applied by OP's bank on the conversion of each instalment transferred to the OP in USD and received in INR. The exchange rate applied by the bank will be included on the financial report submitted by the OP to FAO.
16. Interest accrued on the Project resources shall be reported to FAO and, subject to written approval by FAO, may be used for Project support.
17. The OP shall be authorized to make variations not exceeding 10 percent on any budget heading. Any variations above 10 percent on any budget heading that may be necessary for the proper and successful execution of the Project shall be subject to prior consultations with FAO and approval by NPSC/ NPMC. In such a case, a revision to the Project Document amending the budget may be requested by the OP to FAO.
18. FAO shall transfer funds only to the bank account specifically created for this project.
- **Checklist for sending request for funds:**
19. Following aspects needs to be checked and verified by Operational Partner before Request for Funds Form is sent to FAO:

- It is signed by the Authorized Official specified in the Operational Partner Agreement.
- All supporting documents listed in (**Annexure 5: Request for funds**) are submitted as part of the request for funds.
- It is correctly completed and all numbers add up correctly.
- Funds requested have not been previously disbursed for the same expenditure.
- The request is in line with the agreed AWPB and FAO's guidance.
- Cost estimates are reasonable within the country context.

➤ **Ineligible Expenditures**

20. The following are ineligible expenditures and, therefore, will not be included in the request for funds and financial report:

- expenditures not made for activities, or not necessary for the implementation of the activities included in the Project Document and approved work plan;
- expenditures for value added tax ("VAT") (Goods and Services Tax GST, in India), unless the OP can reasonably demonstrate to FAO that it is unable to recover the VAT/GST;
- expenditures covered by or relating to another project;
- expenditures paid or reimbursed to the OP by another Resource Partner or entity;
- expenditures in relation to which the OP has received an in-kind contribution from another Resource Partner or entity;
- expenditures that are not verifiable by records as provided in Article X of the OP Agreement (**Annexure 6**);
- salaries for OP's employees exceeding the rates payable by FAO for comparable functions performed by locally-recruited staff members at the relevant duty station;
- salaries for OP's internationally-recruited employees exceeding the rates payable by FAO for comparable functions performed by internationally-recruited staff members at the relevant duty station;
- expenditures in respect of fees for individual consultants retained by the OP exceeding those payable by FAO for comparable services rendered by individual consultants;
- expenditures for travel, daily subsistence and related allowances for the OP's employees or consultants exceeding those payable by FAO to its staff members or consultants, as applicable;
- amounts that represent accruals of costs, not expenditures actually incurred by the OP;
- expenditures that merely represent financial transfers between administrative units or locations of the OP, for example as payment for services provided by one administrative unit of the OP to another;
- expenditures that are not reasonable and justified under principles of sound financial management, in particular the principles of value for money and cost-effectiveness;
- expenditures that relate to obligations that were entered into after the end date of the Project;
- debt and debt service charges;
- foreign exchange loss;
- fines or levies payable to the authorities related to timeliness of payment of VAT/GST or custom payments required by law;
- expenditures made in contravention of any of the terms of the OP Agreement; and
- any other expenditures that are ineligible in accordance with rules and policies of GEF and FAO.

c) Financial reporting:

21. Financial reporting to GEF will be on a six monthly basis with detailed project expenditures on a component-by-component and output-by-output basis, reported in line with project budget codes as set out in the project document and will be in US dollars. The OP will submit a half-yearly financial report using the Financial Report Form as shown in (**Annexure 4**). Details of the financial reports to be submitted are as given below:

i) Financial reports by OPs

22. The SPMU of the Operational Partner will finalize the financial report in accordance with the approved Annual Work Plan and Budget for the State. FAO will transfer the instalments in USD, the receiving bank will convert the USD to Indian Rupees and the OP will receive the funds in Indian Rupees. The conversion rate used by the bank will be used for reporting. For those reports where several exchange rates were used for transfers, the reporting will be done using the weighted average of the exchange rates. The purpose of the financial statement is to list the disbursements incurred on the project on a half yearly basis, so as to monitor the project progress and reconcile outstanding advances during the half yearly period. Unless the Financial Report is received, FAO will not act upon requests for advances of funds. The final Financial Report will be submitted no later than thirty (30) calendar days after the end of the Project.

23. Financial expenditures that may be carried out and reported are given below:

- will only include expenditures that are identifiable and verifiable (the term “identifiable” includes that the expenditures are recorded in the OP’s accounting system and that the accounting system shows which transactions represent the expenditures reported for each line in the financial report. The term “verifiable” includes that the expenditures may be confirmed by the records kept in accordance with Article X of the OP Agreement);
- will only include those expenditures that are directly attributable to the implementation of the activities included in the Project Document and work plan;
- will only include expenditures that have actually been incurred and borne by the OP;
- will not include any expenditures that are ineligible for Fund Transfers (Section 4.3.4 - Ineligible Expenditures);
- will include the balance of any unspent funds remaining from any previous Fund Transfers; and
- will include any refunds or adjustments received by the OP against any previous Fund Transfers.

On Financial Report:

- FAO/NPMU may further request additional information or clarifications on reported expenditures.
- FAO/NPMU may accept, amend or reject reported expenditures based on the OPA and Operational Partner’s requirements on eligibility of expenditures.
- FAO/NPMU may check the report against any other specific guidance provided to Operational Partner by FAO before expenditures were incurred and OP Agreement provisions.

- FAO/NPMU will have access, upon request, to all documents and records that support or may be deemed to support the information contained in the financial report.
- FAO reserves the right to withhold any payment due to the OP in case of non-compliance with the reporting obligations detailed in this Agreement.
- All financial reporting to FAO/NPMU will be performed by the OP in United States dollars using the exchange rate as used for the funds transfer for the reporting period.
- Consolidated reporting: All reports described above (financial reports) will be consolidated reports and therefore include information from any sub-components executed by entities under subcontract with the OP.
- The OP agrees that any reporting submitted to FAO/NPMU under this Article may be shared with the Resource Partner.

ii) Financial Reports by NPMU

24. NPMU will consolidate the financial reports received from the State OPs and prepare a six-monthly project expenditure accounts and final accounts for the project, showing amount budgeted for the year, amount expended since the beginning of the year, and separately, the un-liquidated obligations as follows:

- Details of project expenditures on a component-by-component and output-by-output basis, reported in line with project budget codes as set out in the project document, as on 30 June and 31 December of each year.
- Final accounts on completion of the project on a component-by-component and output-by-output basis, reported in line with project budget codes as set out in the project document.
- A final statement of account in line with FAO project budget codes

3.4 Operational Risk Management and Assurance activities

25. FAO is responsible for monitoring and overall supervision of project implementation by Operational Partners. At the planning stage of the project, FAO through an external audit agency has conducted Operational Partner's Assessment, identified corrective actions, risk mitigation measures and Assurance Activities with the selected Operational Partner, to minimize risks during implementation, and ensure that funds are used for their intended purposes and in accordance with the work plan. This has been documented in the Risk Mitigation and Assurance Plan using the format in **Annexure 7** (Risk Mitigation and Assurance Plan) containing:

- corrective actions to be taken by the Operational Partner to address identified weaknesses;
- risk mitigation measures that will be put in place; and
- type and frequency of Assurance Activities to be undertaken by FAO.

a) Risk rating and funds transfer modality

26. The overall risk rating assigned by the Operational Partner's Assessment (refer to UNFAO Micro Assessment report of Operational Partner) will be used by FAO to determine the appropriate funds transfer modality. Table 13 presents a summary of the ratings and fund transfer modality of the Operational Partners in the 5 states.

Table 1: Summary of the ratings of the Operational Partners in 5 states

| S.No. | State | Overall Risk Rating | Fund Transfer Modality |
|-------|----------------|---------------------|--|
| 1 | Madhya Pradesh | Low | Advance funding |
| 2 | Mizoram | Low | Advance funding |
| 3 | Odisha | Moderate | Reimbursement / Advance funding or a combination of advance funding and reimbursement ¹ |
| 4 | Rajasthan | Low | Advance funding |
| 5 | Uttarakhand | Low | Advance funding |

b) Assurance Activities

27. Assurance Activities are planned, budgeted and conducted to obtain assurance that funds transferred to the Operational Partner are used for the intended purpose, consistent with the work plan and required standards, policies and procedures. FAO has planned Assurance Activities for the Operational Partner before the signature of the project document and it will review the Risk Mitigation and Assurance Plan annually for each Operational Partner. The coverage, type and frequency of Assurance Activities are guided by the overall risk rating assigned to the Operational Partner. Operational Partners assessed as medium and high risk are subject to more frequent Assurance Activities.

c) Standard Assurance Activities

28. Standard Assurance Activities (SAA) will be done to monitor financial and administrative management (Table 1).

Table 2. Standard Assurance Activities.

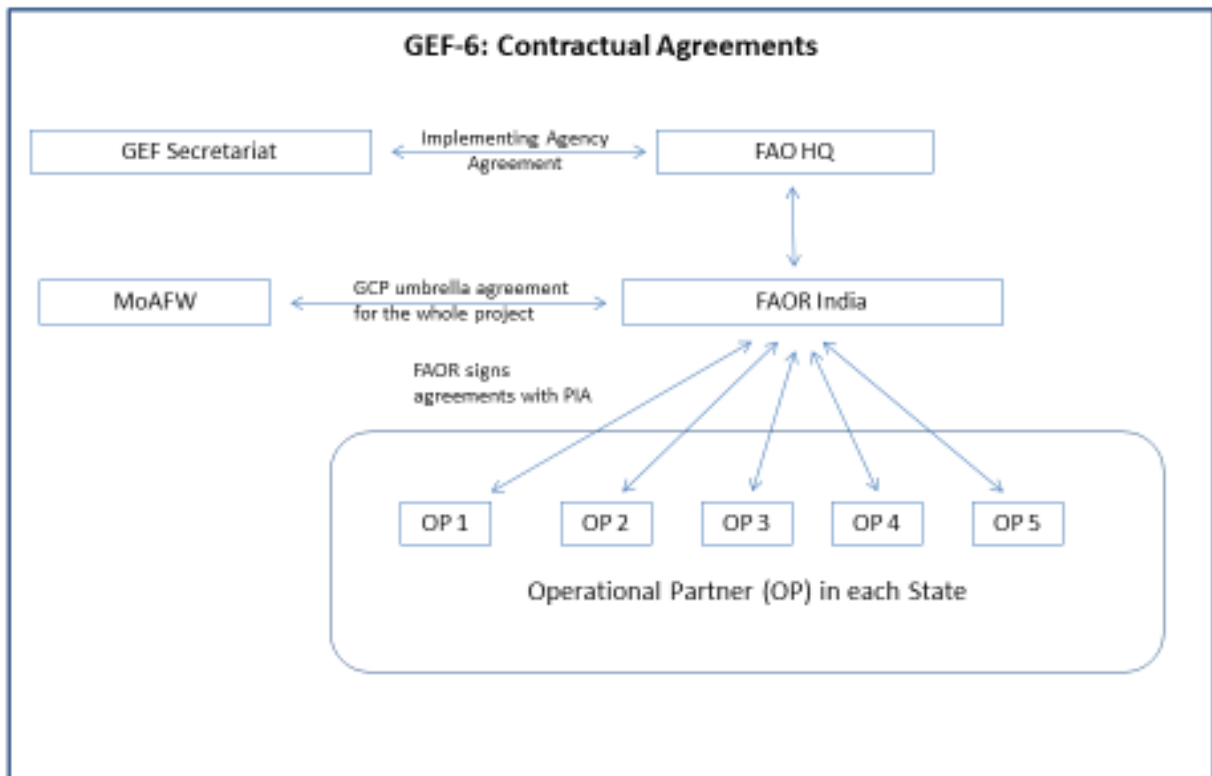
| Activities | Description of activities | Time frame |
|-------------------------------------|--|--|
| Progress monitoring | <ul style="list-style-type: none"> ▪ Progress monitoring (continuous) ▪ NPMU monitoring visits project sites ▪ Helps review progress against planned results | Minimum Two visits per year |
| Spot checks (random on site visits) | <ul style="list-style-type: none"> ▪ Periodic review of financial records and internal controls status by an audit firm contracted by FAO or through the State Government Auditor General ▪ Produces recommendations that aim to help strengthen capacity, organization and project management capabilities. | First spot-check will take place 6 months from the date of transfer of funds under normal circumstances Every year thereafter |
| Audits | <ul style="list-style-type: none"> ▪ Systematic and independent review of data, statement and records of Operational Partner related to funds received from FAO and status of internal controls. ▪ Audit recommendations have to be followed ▪ Produces recommendations that aim to help strengthen capacity, organization and project management capabilities. | Six months after the first spot-check/ After the first year of activities and annually thereafter |

¹ may exceptionally be used for medium risk partners in specific circumstances to ensure effective and timely project implementation.

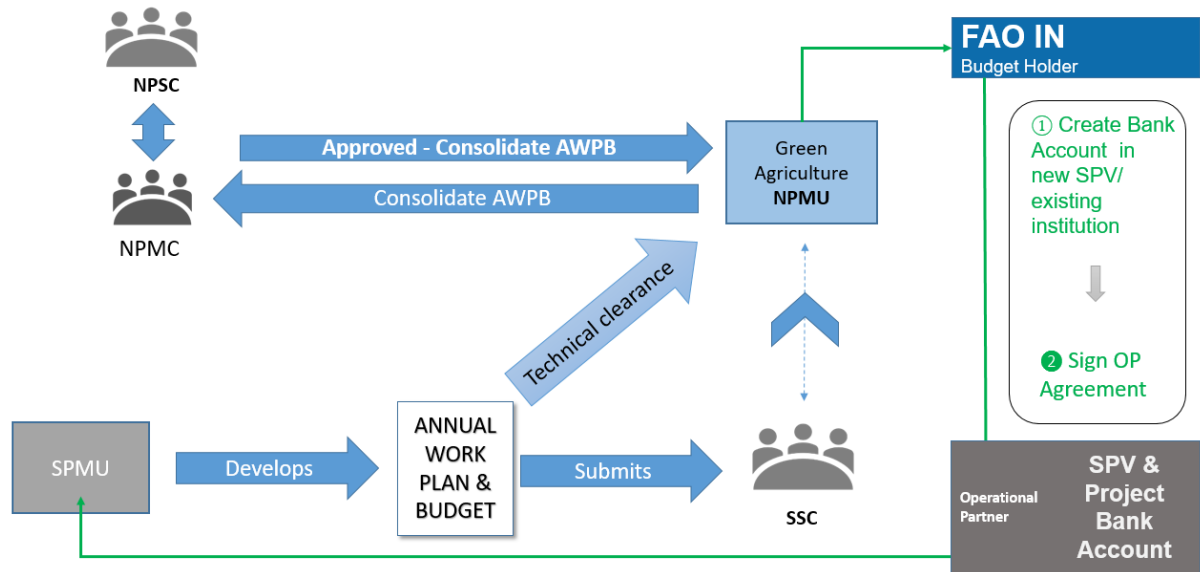
| | | |
|------------------------------|----------------------------------|-----------------------|
| Third party monitoring agent | This will be done by third party | Once every six months |
|------------------------------|----------------------------------|-----------------------|

Further details are given in (**Annexure 8**).

Annexure 1: Institutional mechanism for Agreements



Annexure 2: Process for approval of Annual Work Plan and Budget (AWPB)



Annexure 2: Narrative Progress Report Form



NARRATIVE PROGRESS REPORT FORM Trust Fund Programme

IMPORTANT: In order to adhere to the schedule of submission of present Progress Reports to Donors, the reporting officer should strictly comply with following requirements, irrespective of the Project starting date

| | | |
|----------------|---|---|
| Funding source | Reporting periods | Progress Report due at FAO Headquarters |
| GEF | First six months: Second six months: | date |

| | | | | |
|----------------|---------------------|----------|----------|-----------------------------------|
| Project symbol | Title | | | Reporting period |
| Operating Unit | Lead Technical Unit | EOD-date | NTE-date | Total Project Budget USD _____ |

| Supervision missions/visits celebrated in the reporting period | | |
|--|---|----------------|
| Dates and FAO staff participating | Supervision activities and participants (meetings, Project site visits, etc.) | Issues treated |
| | | |
| | | |
| | | |

A.1 Progress and Output

| |
|--|
| Narrative description component activities and outputs produced in this reporting period |
| 1) Component 1: <i>Title</i> |
| 2) Component 2: <i>Title</i> |
| 3) Component 3: <i>Title</i> |
| 4) Project management: |

A.2 Progress in reaching target indicators as established in the Project Logical Framework/Results Framework (please add or delete rows to the table as required)

| | Indicator and end of Project target | Target foreseen for this reporting period as per Annual Work Plan | Level of achievement | Progress rating* |
|----------------------------|-------------------------------------|---|----------------------|------------------|
| Component 1: [Name] | | | | |
| Output 1.1 | | | | |
| Output 1.2 | | | | |
| Output 1.3 | | | | |
| Output 1.4 | | | | |
| Outcome 1.1 | | <i>if applicable</i> | | |
| Outcome 1.2 | | <i>if applicable</i> | | |
| Component 2: [Name] | | | | |
| Output 2.1 | | | | |
| Output 2.2 | | | | |
| Output 2.3 | | | | |
| Output 2.4 | | | | |
| Outcome 2.1 | | <i>if applicable</i> | | |
| Outcome 2.2 | | <i>if applicable</i> | | |
| Component 3: [Name] | | | | |
| Output 3.1 | | | | |
| Output 3.2 | | | | |
| Output 3.3 | | | | |
| Output 3.4 | | | | |
| Outcome 3.1 | | <i>if applicable</i> | | |
| Outcome 3.2 | | <i>if applicable</i> | | |

* Use GEF Secretariat required six-point scale system: Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), Marginally Unsatisfactory (MU), Unsatisfactory (U), and Highly Unsatisfactory (HU). Based on inputs by the OP and BH, the **FAO LTO** will provide the progress rating.

B Inputs

| | | | |
|--|----------|--|----------|
| 1. List national & international professional staff assigned to the Project during the reporting period | | | |
| National | | International | |
| Name, number of weeks delivered, and funding source | Function | Name, number of weeks delivered and funding source | Function |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| 2. Equipment procured/received during the reporting period | | | |
| | | | |
| 3. Training activities during the reporting period, viz: fellowships, study tours, field days, local workshops Please list how many trainees (male/female) were involved in each activity | | | |
| | | | |

C.1 Problems encountered and risks identified (narrative description)

Problems:

Risks (please rate each risk as low, medium or high):

C.2 Actions taken to address any Project shortcomings, problems or risk encountered

This section should be completed if Project progress in one or more outputs was rated MS or lower and/or medium and high risks were identified and actions were planned during the previous Progress Report.

| Problem(s) identified in previous PPR | Action(s) completed | By whom | Completion date | Results |
|--|----------------------------|----------------|------------------------|----------------|
| | | | | |
| | | | | |
| Risks identified in previous PPR | | | | |
| | | | | |
| | | | | |

C.3 Actions planned to address any Project shortcomings, problems or risk encountered

If internal or external unsolved problems causing MS or lower in Project progress rating and/or medium and high risks have been identified in this reporting period or as part of the eventual mid-term evaluation, please indicate actions to address and mitigate those:

| Problem(s) identified | Action(s) planned | By whom | By when (date) |
|------------------------------|--------------------------|----------------|-----------------------|
| | | | |
| | | | |
| | | | |
| Risks identified | | | |
| | | | |
| | | | |

D. Work Plan and expected output targets by component for the next reporting period (complete below box or refer to up dated AWPB submitted with the PPR)

| |
|--|
| <p>1) Component 1: <i>Title</i></p> <p>2) Component 2: <i>Title</i></p> <p>3) Component 3: <i>Title</i></p> <p>Project management:</p> |
|--|

E. Reports

| |
|---|
| <p>Please list all reports, other than Progress Reports, but including consultants' reports, finalized by the Project during the reporting period only. Indicate for each of those:</p> <ul style="list-style-type: none"> ○ Recommended for inclusion in FAO's computerized documentation system as it contains data/info suitable for future use. ○ It has been restricted by the Government as it contains confidential information. ○ It has been distributed, giving date if applicable. If not, please send four copies to the Responsible Operating Unit. |
| |

F. Attachments

| | |
|--|--|
| Complete the required forms and attach | |
| 1. Report on co-financing (with the PPR due 31 July) | |
| 2. Financial Statement of Expenditures | |
| 3. Cash Advance Request | |
| | |
| | |

| | |
|----------------------------------|------------|
| Reporting Officer | |
| Name: | Date: |
| Title: | Signature: |
| Reviewing Officer FAO LTO | |
| Name: | Date: |

| Title | Signature |
|---------------|---|
| Observations: | <p data-bbox="890 230 1125 264">Progress Reported:</p> <p data-bbox="890 302 1332 336">Very Satisfactory.....or</p> <p data-bbox="890 338 1332 371">Satisfactory.....or</p> <p data-bbox="890 374 1316 407">Not fully satisfactory.....*</p> <p data-bbox="890 481 1380 515">* Improvements are required as follows:</p> <p data-bbox="890 660 1484 728">The following corrective actions were taken: <i>(identify actions to be taken and by responsibility)</i></p> |

Annexure 3: Financial Report Form

FINANCIAL REPORT FORM

For the attention of the FAO Budget Holder (insert name)

FAO project symbol:

Project title:

Operational Partner name:

Financial Report instalment number: ...

Period covered by the financial report: ... to ...

Dear Sir/Madam,

I hereby certify that the information contained in this financial report is full, reliable and true, that the costs incurred can be considered eligible in accordance with the OPA and that this financial report is substantiated by adequate supporting documents that can be checked.

Please find attached the following supporting documents:

1. Appendix 1: Detailed Financial Report
2. Appendix 2: Financial Report for total OPA budget resources
3. Appendix 3: Inventory of non-expendable equipment purchased with project funds
4. Appendix 4: Work plan progress update
5. Appendix 5: Narrative progress report (as applicable every 6 months)(refer to Annexure 13)

Certified by the Operational Partner Authorized Official: signature

Title and name:

Date:

Certified by the FAO Budget Holder: signature

Name:

Date:

Annexure 4 - Appendix 1: Detailed Financial Report

| Expenditure category | Estimated expenditures authorized by FAO (USD) ² | Actual expenditures (USD) ³ | Balance (USD) | Comments |
|---------------------------------|---|--|---------------|----------|
| Total Output 1 | | | | |
| Total Activity 1.1 | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Activity 1.2 | | | | |
| | | | | |
| | | | | |
| Total Project Management | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Grand total | | | - | |

² Estimated expenditure authorized by FAO in the Request for Funds covering this period

³ Only expenditures actually incurred, please do not include commitments

Annexure 4 - Appendix 3: Inventory of non-expendable equipment purchased with project funds

INVENTORY OF NON-EXPENDABLE EQUIPMENT PURCHASED AGAINST PROJECT FUNDS

UNIT VALUE USD 1 500 AND ABOVE AND ITEMS OF ATTRACTION

As at _____

Project symbol:

Project Title:

Operational Partner:

| Description | Serial No. | Date of Purchase | Original Price | Purchased / Imported from (Name of Country) | Present Condition | Location | Remarks/recommendation for disposal |
|-------------|------------|------------------|----------------|---|-------------------|----------|-------------------------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

The physical verification of the items was done by:

Name: _____ Signature: _____

Title: _____ Date: _____

Annexure 4 - Appendix 4: Work plan progress update

| Results Progress update | Performance Indicator | Target | Achievement in reporting period | Cumulative progress to date | Overall status (on track, delayed, met) | Narrative assessment and comments |
|---------------------------|-----------------------|--------|---------------------------------|-----------------------------|--|-----------------------------------|
| Component/outcome: | | | | | | |
| <u>Output 1:</u> | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| <u>Output 2:</u> | | | | | | |
| | | | | | | |
| | | | | | | |

Annexure 4: Request for Funds

REQUEST FOR FUNDS

Project FAO Symbol:

Project title:

Operational Partner Name:

OPA starting date:

OPA ending date:

Fund Transfer Request period: ... to....

Based on the OP's Work Plan and detailed Budget the requested funds for the indicated period will be used for the following components, outputs and activities:

Components/outcome description:

Component/outcome 1:

Outputs description:

Output 1.1

Activities description:

Activity 1.1.1.

The following supporting documents are integral part of the present request for funds:

1. Appendix 1: Request for Funds Form for the next reporting period
2. Appendix 2: Itemized Cost Estimate
3. Appendix 3: Updated Work Plan
4. Appendix 4: Updated Procurement Plan

I hereby certify that the information contained in this request for funds is full and true, that the estimated costs for which funds are requested are eligible in accordance with the OPA. The detailed supporting documents for all expenditures incurred will be made available for examination.

Certified by the Operational Partner Authorized Official:

Title and name:

Date:

Certified by the FAO Budget Holder: signature

Name:

Date:

Annexure 5 - Appendix 1: Request for Funds

| Expenditure category ⁴ | Unspent Balance from previous reporting period (USD) | Estimated expenditures for next reporting period total (USD) | Net funds required for next reporting period | Comments. Short description of inputs and the outputs they will be contributing to |
|-----------------------------------|--|--|--|--|
| Total Outcome/Component 1 | | | | |
| Total Output 1 | | | | |
| Total Activity 1.1 | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Activity 1.2 | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Project Management | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Grand total | | | | - |

⁴ The structure, format and level of detail should follow the budget structure to facilitate monitoring of advances, expenditures and balance.

Annexure 15 - Appendix 2: Itemized Cost Estimate

| Item No. | Item Description | Unit | Quantity | Unit price /cost | Total Amount |
|---------------------------|------------------|------|----------|------------------|--------------|
| Outcome/component 1 | | | | | |
| Output 1 | | | | | |
| Activity 1.1 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | Sub-total | | | | |
| TOTAL OUTPUT 1 | | | | | |
| Output 2 | | | | | |
| Activity 2.1 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | Sub-total | | | | |
| TOTAL OUTPUT 2 | | | | | |
| Project Management | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | | |
|--------------------------|-----------|--|
| | Sub-total | |
| Total Project management | | |
| Grand total | | |

Annexure 5 - Appendix 3: Updated Annual Work Plan

| Results | Activities | Year 1 | | | |
|------------------------------|--------------|--------|----|----|----|
| | | Q1 | Q2 | Q3 | Q4 |
| Outcome/ component 1: | | | | | |
| <u>Output 1</u> | Activity 1.1 | | | | |
| | Activity 1.2 | | | | |
| | Activity 1.3 | | | | |
| | Activity 1.4 | | | | |
| <u>Output 2</u> | Activity 2.1 | | | | |
| | Activity 2.2 | | | | |
| | Activity 2.3 | | | | |

Appendix 6: Article X of Operational Partner Agreement

RECORD KEEPING

1. The OP agrees to maintain books and records that are accurate, complete and up-to-date.

Fund Transfers:

2. The OP's books and records will clearly identify all Fund Transfers received by the OP as well as disbursements made by the OP under this Agreement, including the amount of any unspent funds. Without limiting the foregoing, the OP is required to maintain:
 - (a) records showing which transactions recorded in its accounting system represent the expenditures reported for each line on the financial reports and any income earned by the OP in relation to advance payments made by FAO;
 - (b) original documentation including bills, invoices, receipts, tendering and procurement documentation and any other relevant documentation, which shall be kept by the OP for a period of five (5) years after the completion or the termination of this Agreement. Such documentation shall include, but not be limited to, purchase orders, suppliers' invoices, contracts, delivery notes, leases, payment vouchers, bank statements, airline tickets, gasoline coupons, payroll records, employment contracts, attendance lists, expenses claims, petty cash receipts, journal vouchers, procurement files documenting competitive and fair selection, and any other relevant supporting documentation. Unless agreed in advance with FAO, the OP shall ensure that all vouchers/purchase orders related to the utilization of Fund Transfers carry clear notation showing a reference to the Project. The OP acknowledges that a written statement by the OP that money has been spent is insufficient and cannot replace the original documentation to support expenditures.

Supplies/equipment:

3. The OP will maintain records of supplies and equipment purchased from the Fund Transfers or transferred to the OP. Detailed inventories shall be taken by the OP and kept for a period of five (5) years after the completion of the Project or the termination of this Agreement, whichever happens later.

Annexure 7: Risk Mitigation and Assurance Plan

Risk Mitigation and Assurance Plan Basic Template with Minimum Information Required

| | |
|--|--|
| Project title and symbol: | |
| Operational Partner's name: | |
| Operational Partner's type (government entity, CSO etc.): | |
| Overall risk rating assigned: | |
| Total budget for OP implementation: | |
| Project duration: | |

| Risks identified | Risk mitigation measures and actions for correction | Date | Responsible for follow-up |
|-------------------------|--|-------------|----------------------------------|
| | | | |
| | | | |
| | | | |

Planned Assurance Activities

| Assurance Activity type | Performed by | Planned annual frequency and planned date | Cost | Date | Responsible for follow-up |
|--------------------------------|---------------------|--|-------------|-------------|----------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |

Annexure 8: Standard Assurance Activities

a) Progress monitoring

- i. What is it? – Periodic monitoring of progress of the project through coordination with SPMU/ GLIU and field visits
- ii. What is it for? – Review progress against planned results
- iii. What it does? – This will assess the project progress on field in terms of planned results and possible gaps and solutions in terms of technical support envisaged by SPMU/ GLIU for achieving the desired objective of the project.
- iv. Who does it? - NPMU personnel

b) Spot Checks (on site visits)

- i. What is it? - Periodic on site review of OP's financial records
- ii. What is it for? - Assess the accuracy of the financial records in relation to work plan implementation status and changes in internal controls environment
- iii. What it does? -
 - Selects and review sample of expenditures
 - Review documentation supporting sample of expenditures reported to FAO
 - Review status of internal controls (procurement, accounting etc.)
 - Review sample of expenditures for compliance with conditions in the signed OPA
- iv. Who does it?
 - An audit firm contracted by FAO

c) Scheduled Audit

- i. What is it? - Systematic & independent review of data, statement and records of the OP related to funds received
- ii. What is it for? - Determines if funds transferred to the OP were used for intended purposes, in accordance with the work plan and the OPA
- iii. What it does?
 - Provides independent opinion on financial statements
 - Reviews the effectiveness of internal controls
- iv. Who does it? - An audit firm contracted by FAO or the State Auditor General

d) Third Party Monitoring Agent

In order to ensure that contribution funds are utilized only for purposes specified in the Operational Partner Agreements, FAO will engage a suitably qualified and experienced independent agency to act as the “Monitoring Agent” (MA). In particular, the MA will assist FAO to fulfil its evaluation, and reporting obligations with respect to procurement management of the Operational Partners. The MA's role will include the following:

- i. To monitor and ensure that expenditures related to the GEF6 India Green Agriculture project under the funds passed through the OPA as mentioned above for delivery expected project outputs, are implemented according to the procurement rules and procedures of the five State Operational Partners (Rajasthan, Madhya Pradesh, Mizoram, Odisha, and Uttarakhand)
- ii. To monitor the procurement of goods, works and services, progress of implementation of procurement activities and other items as established in the Operational Partner Agreements

The MA shall monitor and report on the publication of approved procurement plans as well as on the progress of implementation of procurement activities in the approved plans, maintaining an update of and reporting on all procurement actions (expected average procurement amount of USD 43000 for every six month per state) completed every six (6) months. The MA shall on six-monthly basis present

an executive summary progress report to the FAO India/NPMU with detailed findings and recommendations.

- **Special Audit (only when specific issues and concerns arise):** Conducted by an audit firm contracted by FAO or by a State Auditor General in accordance with the Terms of Reference to be developed in response to the issue(s) that triggered the need for an audit.

