

## **GUIDELINES FOR GRANT FINANCE TO SUPPORT THE VPA PROCESS IN GUYANA**

### **1. Background**

The UK Department for International Development (DFID) and the Government of Norway are making funds available through Coffey International to support the commitment made by the Government of Guyana to negotiate and implement a Voluntary Partnership Agreement (VPA) with the European Union (EU). In total, DFID and Norway are making available GB £1.8million to the National Technical Working Group (NTWG) to support the VPA process, with the initial focus being on supporting the Government of Guyana and relevant sector stakeholders to engage effectively in VPA negotiations. Once the VPA is agreed, the fund may support VPA implementation.

These funds are made available through a grant mechanism that is overseen by a bilateral committee comprising representatives of DFID and the Government of Guyana. The bilateral committee will periodically review the performance and effectiveness of this mechanism as well as the balance of spending between stakeholder interests.

### **2. How can these funds be accessed?**

As initial support is focused on the VPA negotiation process, the mechanism for accessing funds is through the NTWG, which has been established to oversee preparations for negotiations.

On a quarterly basis the NTWG will submit a workplan and associated budget that draws together all agreed proposals from the NTWG (including proposals from other entities) to the bilateral committee for their sign-off. As long as the grant recipients and activities contained in the workplan are eligible for funding, and the proposal provides a clear narrative that indicates how the action supports the VPA process, the bilateral committee will issue a sign-off and the funds required to cover the relevant activities will be disbursed on a monthly basis by Coffey International through the Guyana FLEGT Support Office.

Representatives on the NTWG and other entities engaged in the VPA process may submit proposals for support to the NTWG for their consideration. These proposals should be focused at furthering the VPA process in Guyana.

### **3. What sorts of activities are eligible for funding in the negotiation phase?**

Broadly speaking, any activity that is necessary to support preparations for VPA negotiations is eligible for funding. Such activities could include but are not exclusive to the following:

- Supporting stakeholder consultations within or between stakeholder groups;
- Commissioning studies or other research to inform negotiating positions on a particular issues or elements to be covered by the agreement;
- Covering the costs of travel for members of the Guyana negotiating team for meetings/negotiation sessions;
- Supporting visits by stakeholders to other VPA partner countries or elsewhere to draw lessons that may inform Guyana's negotiating position, and;
- Funding communication activities related to the VPA;

- The proposals should indicate intended beneficiaries

#### **4. What sorts of activities are not eligible for funding?**

To receive grant funding, the activities must be reflected in a workplan that has been approved by the NTWG and subsequently received a sign-off from the bilateral committee. Any activity that has not received endorsement at both levels, will not receive funds.

The following list illustrates the type of expenditure that is not eligible to receive grant funding:

- Support for activities that bear no relevance to the VPA roadmap (eg. a proposal to carry out tree planting);
- The use of funds to pay all/part of existing staff salaries for Government services;
- No retrospective funding for activities that have taken place prior to the submission of the workplan to the bilateral committee.

#### **5. Who is eligible to apply for a grant?**

For the first grant award in April 2015, only the FLEGT Secretariat in the Guyana Forestry Commission is eligible to receive funding as this will allow for the development of appropriate procedures. For the second award period covering the period from June 2015 onwards and all subsequent awards, eligibility will be opened up to other legal entities representing sector stakeholders. In some instances, the FLEGT Secretariat may manage the workflow on behalf a group of stakeholder beneficiaries. A detailed list of eligibility requirements for other legal entities, along with a template and guidelines for the submission of grant applications, will be developed by the bilateral committee in consultation with the NTWG and published on the website of the Guyana Forestry Commission.

#### **6. Process for release of funds from the FLEGT Support Office**

The steps for the release of grant funding from the FLEGT Support Office are described below:

- 6.1. Once a comprehensive 3-month workplan and budget broken down by month, has been prepared and approved by the NTWG, it is submitted to the bilateral committee for a sign-off. This workplan will incorporate specific grant proposals made by various entities, including the Guyana Forestry Commission and stakeholders as discussed and agreed by the NTWG. The NTWG will submit workplans on a quarterly basis.
- 6.2. The bilateral committee will consider the proposal from the NTWG ensuring that the guidance has been followed, the case is made for relevance to VPA process and NTWG approval is evidenced. The bilateral committee sign-off for the 3 month workplan will be communicated to the NTWG and the FLEGT Support Office for their action.

6.3. Based on the approved workplan, the FLEGT Secretariat<sup>1</sup> (and in due course, any other legal entity) will submit a request to the FLEGT Support Office for the release of funds to cover the first month of activities.

6.4. Assuming that this request reflects the activities and the quantum of funds described in the workplan as agreed by the bilateral committee, the FLEGT Support Office will issue a transfer of funds into the account of the grant recipient<sup>2</sup>.

In addition to the process described above, the bilateral committee has the flexibility to meet on an ad hoc basis as required to maintain the momentum of VPA roadmap so as to consider requests for funding. These meetings may be scheduled to coincide with technical meetings and/ or negotiations or may take place via Video Conference.

## **7. Rules governing the use of funding**

There are two sets of rules governing the use of grant funding:

- those governing how the funds should be spent, and
- those governing how to account for expenditure

7.1. Rules for how the funds should be spent are set by the bilateral committee and include the following:

- Expenditure can only be made against activities detailed in the workplan approved by the NTWG and subsequently the bilateral committee;
- All procurement of goods and services must comply with the Government of Guyana, including the procedures of the Guyana Forestry Commission, procurement rules;
- Grants cannot be used to:
  - Cover expenditures made prior to the approval/sign-off of the bilateral committee unless with the explicit instruction from the bilateral committee
  - Finance staff time for existing employees of the organisation applying for funding.

The FLEGT Support office will provide a finance reporting template and further guidance on expenditures.

7.2. Rules for how expenditure should be accounted for include:

- All expenditure must be accounted for in full to the Office Manager of the FLEGT Support Office by 4pm on the 10th day of each following month;
- Financial reports should include a copy of the bank statement for the account used for the management of grant funds;
- Any unauthorised expenditure (i.e. expenditure on activities, goods or services not described in the approved workplan) will result in the withholding of subsequent tranches of grant funding to

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<sup>1</sup> The Unit established within the Guyana Forestry Commission to support the work of the NTWG and coordinate efforts of the Guyana VPA negotiation team

<sup>2</sup> Details of how the grant award process will work with entities other than the FLEGT Secretariat, will be elaborated in guidelines to be published on the website of the GFC

the grant recipient in question. Unauthorised expenditures must also be reimbursed in full by the organisation in receipt of the grant;

- Original copies of all receipts for expenditure must be provided to the FLEGT Support Office when submitting expenditure reports at the end of each month. Photocopies of these receipts should be kept by the grant recipient;
- Self-certification of receipts (for example for taxi costs where the taxi is unable to provide a receipt) is limited to an amount not more than 5% of the total expenditure being accounted for in one month;
- Evidence of compliance with Government of Guyana procurement rules must be retained by the grant recipient in the event that it is required for audit purposes by DFID;
- The funding released each month will take account both of the budget required and of any underspend carried forward from the previous month;
- The FLEGT support office will provide a finance report template and additional guidance for financial reporting.

Grant recipients should note that DFID may, at any time during the term of this arrangement and up to five years after the end of the programme, arrange for additional audits, on-the spot checks and / or inspections to be carried out. These may be carried out by DFID, or any of its duly authorised representatives.

7.3 Misuse of funds: The bilateral committee has zero tolerance towards fraud and fraudulent behaviour that may lead to the misuse of funds and will fully co-operate with investigation into such events, whether led by DFID or the Government of Guyana. Where conditions and/or terms of grant are not followed the FLEGT Facilitation Office will:

- Immediately report any suspicion of fraud or the misuse of funds to DFID<sup>3</sup>;
- Suspend disbursements with immediate effect where in cases where there are allegation of unethical or fraudulent activity;
- Suspend disbursements with immediate effect where there is a failure to adequately account for expenditure until such time as these funds have been accounted for;
- Notify the beneficiary of the stoppage and advise the FLEGT Secretariat, NTWG and the bilateral committee;
- Seek recompense for any expenditure that cannot be satisfactorily accounted for.

## **8. Oversight of the VPA support**

The NTWG will monitor the work of grant recipients to verify progress toward expected results. The NTWG will develop a simple technical report frame for this purpose. The NTWG will provide updates to the bilateral committee as appropriate.

The FLEGT Support Office (Coffey International) is responsible for financial management, reporting and oversight. The FLEGT Support office will provide quarterly financial reports to the bilateral committee, signalling any matters of concern requiring attention of the bilateral committee. Coffey International will provide a reporting template and guidance on finance procedures.

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<sup>3</sup> DFID have an expert fraud investigation unit, that should be contacted in the first instance at fraud@dfid.gov.uk or +44 (0)1355 84 3747. All suspicions will be treated with the upmost confidentiality.