



FONDS FRANÇAIS POUR
L'ENVIRONNEMENT MONDIAL

“MAR Fish Project: Knowledge, monitoring and protection of Mesoamerican Reef spawning areas”

FINANCING AGREEMENT AFD No. CZZ 2359.01 G

Project Implementation Manual

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LIST OF ABBREVIATIONS USED IN THE DOCUMENT

AFD	Agence Française de Développement
AWP	Annual Work Plan
COBI	Comunidad y Biodiversidad
CORAL	Coral Reef Alliance
EDF	Environmental Defense Fund
FFEM	French Facility for Global Environment
FSA	Fish Spawning Aggregations
FUNDAECO	Foundation for Eco-development and Conservation
HRI	Healthy Reef Initiative
IAASB	International Auditing and Assurance Standards Board
MAR Fund	Mesoamerican Reef Fund
MTES	Ministère de la Transition Écologique et Solidaire
NGO	Non-Governmental Organization
PIM	Project Implementation Manual
SCRFA	Society for the Conservation of Reef Fish Aggregations
SEA	Southern Environmental Association of Belize
TIDE	Toledo Institute for Development and Environment

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Project Implementation Manual (PIM) for the "MAR Fish" project: "Knowledge, monitoring and protection of Mesoamerican Reef spawning areas".

The French Facility for Global Environment (FFEM), through the financial agreement CZZ 2359.01 signed on 25th June 2019 between AFD in the name of FFEM (hereafter designated as "the Agency") and MAR Fund, approved a grant to the Mesoamerican Reef Fund (MAR Fund) to develop the "MAR Fish Project: Knowledge, monitoring and protection of Mesoamerican Reef spawning areas" .

Introduction

Fisheries along the Mesoamerican Reef (MAR) support the livelihoods of millions of people across four countries: Mexico, Belize, Guatemala, and Honduras. But along this coastline, unrelenting fishing pressure has contributed to a 23% drop in commercial fish biomass in sites surveyed by the Healthy Reef Initiative, as registered in their 2018 Report Card. Fully protected "fish replenishment zones" (where no off-take is allowed) have proven extremely successful, doubling commercial fish numbers over the past decade in those zones. Unfortunately, while 57% of the territorial sea within the MAR is now within protected areas, only 3% is fully protected from fishing as "fish replenishment zones". This is particularly problematic in the case of Fish Spawning Aggregations (FSAs) that are scattered along the reef and are essential to maintain fish populations.

FSAs are temporary gatherings of fish that come together for reproduction in densities up to three times higher than those found during non-reproductive periods and are extremely vulnerable to fishing. FSAs generally represent the near total annual reproductive output of the species that spawn there. Periodic information on FSA health, critical for their protection, is missing and there is no cohesive, multinational plan to monitor and manage them, nor widespread understanding of their importance.

The focus area of the Project will include the recently discovered "Cayman Crown" (2013, by Ana Giró, of Healthy Reefs Initiative HRI-, and local Guatemalan fishermen), an extremely healthy reef straddling the maritime border between Guatemala and Belize, which likely includes Guatemala's only multi-species FSA. Due to its recent discovery, information, vital for its management and protection, is missing. If properly protected under this Project, the Cayman Crown and five of its more established neighbor FSAs, would truly complete a 4-nation protected areas network of sites. This will play a pivotal role in the long-term protection of the fisheries and dependent livelihoods in the MAR.

Objectives and structure of the Project Implementation Manual (PIM)

The objective of the Project Implementation Manual (PIM) is to establish the procedures and detailed arrangements for the implementation of the "Knowledge, monitoring and protection of Mesoamerican Reef spawning areas" (MAR Fish).

The PIM has been prepared by MAR Fund and will be distributed to the Project Steering Committee, the Technical & Scientific Committee and project partners, upon the no objection from FFEM. The PIM should be known and applied by all MAR Fund staff, partners and contractors with project implementation responsibilities.

The PIM is a living document, expected to be revised and updated as necessary to incorporate the evolving needs of the Project. Any changes in procedures based on the experiences required throughout the implementation will be previously approved by FFEM.

The PIM has been divided into seven sections and addresses the processes of Project planning, implementation (including financial management and procurement) and monitoring and evaluation, as follows:

- Section I: Project description
- Section II: Institutional Arrangements
- Section III: Partners
- Section IV: Work Plan
- Section V: Procurement
- Section VI: Project Financial Controls
- Section VII: Monitoring and Evaluation and Project Reporting
- Section VIII: Drawdown of the funds

The PIM also includes Annexes, which hold supplementary information.

1. PROJECT DESCRIPTION

1.1. Project Objectives

The overall objective of the project is to promote the recovery of fisheries in the Mesoamerican Reef region, by strengthening the network of protected spawning aggregation sites of commercial fish, as critical areas in the life cycle of these species.

Over a three-year period, from 2019 to 2021, the project has two specific objectives:

1. Obtain legal recognition and adequately manage Cayman Crown in Guatemala and Belize, a recently discovered fish spawning aggregation site;
2. Promote participatory monitoring of a network of sentinel spawning areas in the four Mesoamerican reef countries.

This project incorporates the establishment of an endowment fund for the long-term protection and management of Cayman Crown.

1.2. Project Components

The Project has four components:

- **Component 1: Knowledge and protection of Cayman Crown site**

The site will be subject to scientific explorations, in partnership with fishermen and other members of neighboring communities, to validate the existence of fish spawning aggregations, characterize them, and study the coral reefs of the area, whose first explorations revealed its good health.

These elements will serve to advocate for the creation of two new adjacent, but separate, marine protected areas: one in Belize and one in Guatemala. A financial mechanism - an endowment fund in the form of a specific window hosted within MAR

Fund - will be established to ensure the long-term management and protection of the Cayman Crown site.

- **Component 2: Sentinel Site Observation Network.**

The aim of this component is to set up a network of 7 sentinel multi-species spawning sites, so as to ensure homogeneous monitoring that will allow a coherent regional vision of their evolution, including with regards to climate change. Actors will agree on common protocols, data collection and data sharing, and will be trained on these aspects. Resulting information will be placed on a data base to be developed, and data will be analyzed and will be reported internationally (for example to the Society for the Conservation of Reef Fish Aggregations - SCRFA).

- **Component 3: Promote the social acceptability of protecting spawning grounds.**

A detailed communication plan will allow the development of close relationships between scientists, fishermen, environmentalists, policy makers and citizens, in favor of a regional movement to strengthen the understanding of the role of FSA in the management of fisheries, the importance of protecting them and fostering collaborative management. This plan will contribute to build a "citizen science" that promotes a better understanding of environmental issues by local communities.

Community development activities will be implemented for the communities most affected by the closure of fishing areas around the Gulf of Honduras (Belize, Guatemala and Honduras), considering that the current fishing effort seems to be low.

- **Component 4: Project Management.**

A Project Manager will be hired by MAR Fund for the 3 years of the project.

1.3. Project Cost & Duration

The project is designed on a 3-year basis. MAR Fund has requested € 1.15.800 million from FFEM. Of this sum, € 460,500 will go to the endowment fund for the long-term management of Cayman Crown. MAR Fund will invest approximately € 307,000 for the endowment fund, which will bring the fund for the protection, management and monitoring of the Cayman Crown site to € 767,500.

2. INSTITUTIONAL ARRANGEMENTS

The agency responsible for delivering the Project is MAR Fund, a private, regional, environmental fund with a 14-year history that, among other initiatives, successfully manages another FFEM project. MAR Fund will work closely with civil society partners and support the protection of Cayman Crown in both Belize and Guatemala.

The project will be supervised by the Steering Committee and the Technical & Scientific Committee. The proposed endowment for Cayman Crown will be managed by MAR Fund through its Investment Committee and independent Asset Manager.

2.1. The Steering Committee and Technical & Scientific Committee

The project will have two Committees. The Committees will meet at least once a year, if possible in person, ideally dovetailing another regional meeting. However, they can also meet by teleconference.

2.1.1. Steering Committee

This Committee is integrated by MAR Fund, HRI as liaison with the Technical & Scientific Committee, Rotary, and, as observers, FFEM Secretariat and the French Environmental Ministry (Ministère de la Transition Écologique et Solidaire, MTES).

They will contribute to project planning, approving annual work plans and budgets, reviewing and approving key project outputs and deliverables. Decisions taken during the Steering Committee meetings will be implemented by MAR Fund.

2.1.2. Technical & Scientific Committee

This Committee is integrated by at least one representative of each partner: HRI, Comunidad y Biodiversidad (COBI), Toledo Institute for Development and Environment (TIDE), Southern Environmental Association of Belize (SEA), Environmental Defense Fund (EDF), Foundation for Eco-development and Conservation (FUNDAECO) and Coral Reef Alliance (CORAL).

This Committee will provide support and advice for the effective implementation of the project to ensure its consistency from a technical point of view, and to ensure the scientific quality of the products.

The composition and roles of both Committees may be revised, if necessary, by the members of the Steering Committee.

2.2. The Project Manager

The day-to-day management of the project will be handled by MAR Fund, which will hire a project manager for the duration of the project, selected by the Steering Committee.

The project manager will have at least the following responsibilities:

- Ensure a solid technical implementation of the project and effective coordination between the various partners;
- Ensure the effective and efficient administrative and financial management of the project;
- Prepare all terms of reference that are necessary for Project activities;
- Prepare grants and contracts for local and international partners and consultants for the implementation of project activities;
- Coordinate the selection and hiring processes for Project consultancies;
- Follow up on the grants and consultancies approved for the Project according to the

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- signed grant agreements and contracts;
 - Promote synergies and collaboration with other actors at the regional and national levels, and with relevant projects under way in the different countries in the region or outside the MAR;
 - Write project activity reports for the Committees, the MAR Fund Board and FFEM, among others;
 - Organize meetings and/or workshops required for the project;
 - Promote and coordinate the articulation of partners who are working on issues related to spawning aggregation areas;
 - Others that may be assigned to ensure the effective implementation of the Project.

3. PARTNERS

The project will be implemented by MAR Fund and a set of eight core partners as follows:

1. Healthy Reefs Initiative (HRI)
2. Comunidad y Biodiversidad (COBI)
3. Toledo Institute for Development and Environment (TIDE)
4. Southern Environmental Association of Belize (SEA)
5. Environmental Defense Fund (EDF)
6. Foundation for Eco-development and Conservation (FUNDAECO)
7. Coral Reef Alliance (CORAL)
8. Rotary International

The procedure to apply for project funding by project partners will be as follows:

- a. Partners that will develop one or more activity indicated in the work plan will be required to submit a proposal as per the format in **Annex I** that will include all of the activities they will develop. Partners will include a general budget for all the years of implementation of their activities, with a detailed budget for year 1.
- b. After proposals are approved by MAR Fund, with a no objection from the Steering Committee, Grant Agreements will be signed with the project partners for the complete project period, but ensuring funding only for activities for Y1.
- c. After signing the agreements, funds will be disbursed based on the disbursement calendar included in the agreement. Grantees will provide a donation receipt for each disbursement.
- d. At the end of Y1, project partners will submit final technical and financial reports for the year. They shall also include a detailed budget and work plan for Y2. Upon approval of Y1 reports and of Y2 detailed budget and work plan, funding for Y2 will be approved. This procedure will be applied annually, for the project duration.
- e. The Steering Committee will be informed of results of Y1 activities and approval of Y2 -and subsequent years- for each implementing partner.
- f. Grant agreements for amounts of USD 25,000 or more will require the *ex-ante* no objection of FFEM.

The obligations of the partners are:

- a) Submission of financial and technical reports every 6 months, in MAR Fund formats (**Annexes II & III**).
- b) Financial reports must additionally include:
 - Copies of invoices and receipts in the name of the grantee organization. All expenses must be supported by a legally acceptable document.
 - Original invoice for expenses of an amount greater than €5,000 or their equivalent in USD. In case it is not possible to send the original to MAR Fund, a certified copy is required (this is any copy, photocopy or other duplicate certified by any duly authorized person in the country of issue).

4. WORK PLAN

An initial overall Project work plan was developed with the participation of all partners at a planning workshop. Specific Annual Work Plans will be developed for every year of the Project.

The Annual Work Plans (AWPs) will include revised annual budgets, outputs and deliverables and revised procurement plans (for 18 months).

5. PROCUREMENT

5.1. General Conditions of Procurement

The Procurement Guidelines for AFD-Financed Contracts in Foreign Countries, dated February 2017 (Section 3. Contracts awarded by Beneficiaries not subject to Public Procurement Regulations) presented in **Annex IV**, is the key reference for all procurement carried out under the Project. These Guidelines place emphasis on obtaining a high-quality service through ensuring economy and efficiency, providing equal opportunity for qualified consultants, encouraging development of local consulting capabilities and creating transparency in the selection process. Furthermore, these Guidelines stress the need to eradicate fraud, bribery and corruption in Procurement; and they are applicable to all contracts for Goods, Non-consulting Services and Consulting Services that may take place under the Project.

5.2. Procurement Procedures

These are the aspects to be considered for procurement processes of goods and services to be carried out under the Project. Contracts for amounts of USD 25,000 or more will require the *ex-ante* no objection of FFEM.

a) Types of Contract

- i. Services. This will be used for procurement of consultancy services. Because the MAR Fund operates as a 501 (c) (3) in the USA and with a Branch in Guatemala, there are two different types of contracts as follows:

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- Contracts with 501 (c) (3): for services provided outside Guatemala the contract format in **Annex V** must be used.
 - Contracts with Branch: for services provided in Guatemala the contract format in Spanish (**Annex VI**) must be used due to local legislation.
 - ii. Goods. For the procurement of goods, the basic contracts for services indicated above (**Annex V and Annex VI**) will be adapted accordingly, depending on whether the goods are hired through the 501 (c) (3) or the branch in Guatemala.
 - iii. Works. For the procurement of works, the basic contracts for services indicated above (**Annex V and Annex VI**) will be adapted accordingly, depending on whether the works are hired through the 501 (c) (3) or the branch in Guatemala.
 - iv. Grant Agreement. This will be used for granting funds to project partners through direct granting. Format in **Annex VII**.

b) Types of Competition

- i. International Competitive Bidding (ICB). Selection procedure to emulate international competition (participation of foreign bidders) namely through: advertising in international media, use of an international language as a work language, longer deadlines for bid submissions, use of international standards, and suitable financial (bid currencies, payment currencies...) and contractual arrangements (international arbitration).
- ii. National and/or Regional Competitive Bidding (N & RCB). Selection procedure mainly intended for national and/or MAR region bidders, without excluding foreign candidates, with the assumption that the local supply market is adequate and competitive, making it unlikely that entities that are not-established locally will participate.

c) Procurement Method

The available procurement method options that may apply to the Project for grant agreements, contract of services and purchase of goods and works are the following:

- i. Direct contracting (or Single-source contracting) - SS
Procedure for awarding a contract to a consultant, contractor or supplier without prior competitive bidding (also referred as "Single-source contracting", a "direct agreement" or a "negotiated procedure without advertising or competitive bidding").
- ii. Grants - G
As indicated previously, this project will be largely implemented by project partners. In these cases, direct grant agreements will apply. For grant agreements with partners see Section 3.

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- iii. Direct consultation - DC
Competitive procedure for potential bidders identified by MAR Fund, without prior advertising (e.g. request for quotation for the supply of goods or request for proposals sent to a short list of candidates established without a prior Request for Expressions of Interest).
 - iv. Open invitations for Bids - OIB
Competitive bidding procedure organized for the purpose of awarding a contract, preceded by a publication and open to all bidders that meet the eligibility and qualification criteria, with no limit as to their number. The Open Invitation for Bids is the standard procurement procedure for procurement of goods, plant, and works contracts. It may or may not be preceded by prequalification, in which case the qualification process is part of the bidding procedure.
 - v. Restricted Competitive Bidding - RCB
Competitive bidding procedure for which access is limited to a shortlist of bidders by the contracting authority with a maximum number predetermined in advance. This procedure is the standard procurement procedure for consultancy services.

d) Selection Method

Types of selection methods for the procurement of services, works and goods.

For Consultancy Services Contracts:

- Quality and cost-based selection (QCBS)
- Fixed budget selection (FBS)
- Least cost selection (LCS)
- Quality based selection (QBS)

For Works and goods Contracts:

- Lowest evaluated and bid substantially compliant selection (LESCS)

5.3. Procurement Rules

The Procurement Documents shall be prepared in accordance with International Good Practices for the purchase of services, goods and works. The following table provides the procedure to be applied in the case of contracts:

Consultancy Services	Goods (Materials and Equipment)	Works
CONTRACTS OF €200,000 OR MORE	CONTRACTS OF €200,000 OR MORE	CONTRACTS OF €5,000,000 OR MORE
International Competitive Bidding. Submission of the terms for the invitation to tender to FFEM through the Executive Management of MAR Fund before the tender process begins. The	International Competitive Bidding. Submission of the terms for the invitation to tender to FFEM through the Executive Management of MAR Fund before the tender process begins. The	International Competitive Bidding. Submission of the terms for the invitation to tender to FFEM through the Executive Management of the MAR Fund before the tender process begins.

Consultancy Services	Goods (Materials and Equipment)	Works
<p>terms for invitation to tender, the proposal for awarding and the respective contract will require the no-objection of FFEM.</p> <p>In case of the impossibility of inviting tenders, the no-objection of FFEM shall be requested through the Executive Management of MAR Fund.</p>	<p>terms for invitation to tender, the proposal for awarding and the respective contract will require the no-objection of FFEM.</p> <p>In case of the impossibility of inviting tenders, the no-objection of FFEM shall be requested through the Executive Management of MAR Fund.</p>	<p>The terms for invitation to tender, the proposal for awarding and the respective contract will require the no-objection of FFEM.</p> <p>In case of the impossibility of inviting tenders, the no-objection of FFEM shall be requested through the Executive Management of MAR Fund.</p> <p>CONTRACTS OF €300,000 OR MORE AND BELOW OF €5,000,000</p> <p>National and/or Regional Procurement Competition. The procurement notice will be published in the MAR Fund website. The contract should be awarded to the lowest priced compliant bid.</p> <p>The Bidding Documents must be issued in Spanish and/or English.</p> <p>Potentially interested foreign contractors must be allowed to bid if they wish to do so, under the same conditions as contractors from the MAR Fund country.</p>
<p>CONTRACTS ABOVE €15,000 AND BELOW €200,000</p> <p>Request for Quotations (at least 3 providers must be invited). May apply for DC, OIB or RCB (procurement methods). To assess the quotations, a comparison table shall be used and an awarding document prepared and signed by three representatives of the selection committee.</p> <p>If there is a single source situation it will be consulted with FFEM prior contracting.</p>	<p>CONTRACTS ABOVE €15,000 AND BELOW €200,000</p> <p>Request for Quotations (at least 3 providers must be invited). May apply for DC, OIB or RCB (procurement methods). To assess the quotations, a comparison table shall be used and an awarding document prepared and signed by three representatives of the selection committee.</p> <p>If there is a single source situation it will be consulted with FFEM prior contracting.</p>	<p>CONTRACTS ABOVE €15,000 AND BELOW €300,000</p> <p>Request for Quotations (at least 3 providers must be invited). May apply for DC, OIB or RCB (procurement methods). To assess the quotations, a comparison table shall be used and an awarding document prepared and signed by three representatives of the selection committee.</p> <p>If there is a single source situation it will be consulted with FFEM prior contracting.</p>
<p>LESS THAN €15,000</p> <p>MAR Fund may directly contract on the basis of a Single Source (SS).</p>	<p>LESS THAN €15,000</p> <p>MAR Fund may directly contract on the basis of a Single Source (SS).</p>	<p>LESS THAN €15,000</p> <p>MAR Fund may directly contract on the basis of a Single Source (SS).</p>

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- MAR Fund will require that bidders, grantees or consultants provide a duly signed Statement of Integrity **(for Grantees Annex VIII and for Contractors Annex IX)** at any Prequalification, Request for Expressions of Interest, Invitation for Bids (regardless of the type, International or National), Request for Quotations, Direct Contracting, or Proposals, which shall form part of the contract or grant, as may be the case.
 - Irrespective of the purchase amount, and generally, bids must be selected by taking into account the quality/price ratio, adherence to national and international standards, delivery times and applying the principles of transparency and equality of conditions to the potential suppliers.
 - Purchase of goods and/or services shall be carried out in accordance with that set out in the Financial Agreement. It will be governed by the contractual law of the States where the cost is incurred and Procurement Guidelines for AFD-Financed Contracts in Foreign Countries.
 - If a Selection Committee is required, it should be made up of at least three people designated by the Executive Director of MAR Fund.
 - The processes to follow to make a purchase based on three quotations are as follows: The request for a bid from at least 3 suppliers, the comparison table of the various bids with the justified assessment of the choice approved by the selection committee, the purchase order with the agreed supply methods and the contract with the selected supplier.
 - All purchases of goods and/or services should be supported by invoices that comply with legal requirements.
 - Payment in advance must be justified and insured with sufficient guarantees in accordance with national customs. For service contracts, a first advance payment may be made without a guarantee, this should not exceed 40% of the total value of the contract, taking care in all cases to apply what is stipulated in the general provisions of the Budget.

5.4. The Procurement Plan

MAR Fund will revise the Procurement Plan on the basis of each annual work plan. The Procurement Plan includes the planning of the procurement for grants, consulting services, goods and works. The Procurement Plan will provide an outlook and a detailed planning of activities to be procured during at least 18 months.

It specifies for each contract:

- the grant or contract name,
- the estimated amount,
- the type of contract,
- the type of competition,
- the procurement method,

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- the selection method,
 - the partners involved
 - the type of review required by FFEM,
 - the estimated dates of the main stages of the procurement process and contract implementation.

All revisions and updates of the Procurement Plan will follow the instructions in **Annex X** and will be submitted to FFEM for approval.

The Procurement Plan is to be updated as needed, but at least annually upon presentation of annual reports or submission of disbursement requests, to cover the subsequent 18-month period for the duration of the Project.

5.5. Review of Procurement Decisions

The procurement process ultimately remains the sole responsibility of MAR Fund. Nevertheless, FFEM shall verify that procurement processes take place under the required conditions of transparency, fairness, economy and efficiency.

5.6. Standard Procurement Documents and Forms

During the first six months of the Project, MAR Fund will create, use and test standard procurement documents and forms, such as project proposal, grant agreements, contracts, acceptance of deliverables, invitation for the evaluation committee to meet, etc. These documents and forms will be included in this PIM as annexes, once they have been used and tested during the first semester of the Project.

6. PROJECT FINANCIAL CONTROLS

6.1. Exclusive bank accounts:

MAR Fund has opened two exclusive bank accounts in US dollars for the Project. The accounts will be used as follows:

- Investment account in JP Morgan, USA: to receive the funds approved for the endowment.
- Checking account in JP Morgan, USA: to receive project operating funds after submitting each corresponding disbursement request. From this account payments will be issued directly to grantees and contractors. For payments made in Guatemala, where the MAR Fund coordinating office is based, funds from the checking account in JP Morgan will be transferred to a general operating bank account in Banco Industrial, Guatemala.

6.2. Accounting system

- The accounting records that control these bank accounts shall be reconciled monthly, and be supported by a statement issued by the bank. The bank reconciliations shall be audited in the annual audits of MAR Fund.
- The accounting system for the management of the funds shall record all income and expenses relating to the project. MAR Fund shall produce the financial reports required.
- Any form that involves managing or use of financial resources shall be numbered, and its use shall be continuously controlled. When a form is replaced for any reason, it will be cancelled and filed so the numerical sequence is maintained.
- Financial documents shall be submitted as needed for each disbursement request made by MAR Fund to FFEM and must be prepared in accordance to the corresponding reporting format (**Annex II**). Each request shall include the following documentation:
 - a. Letter for advance payment request.
 - b. Summary of expenditures according to approved budget.
 - c. List of accumulated expenditures for the respective reporting period.
 - d. Original invoices for payments that exceed 5,000 EUR or its equivalent in US dollars. In case it is not possible to send the original to FFEM, a certified copy will be provided.
- MAR Fund will retain the documentary evidence and other documents in connection with the Project checking and investment accounts and the use of the disbursements for a period of ten (10) years from the Deadline for Drawdown.
- MAR Fund will deliver such documentary evidence and other documents to FFEM or to any auditing firm appointed, upon request.

6.3. Budget modifications

Reallocation of funds between components may be carried out as follows:

- Between components
- Between activities within the same component
- If the adjustment increases or decreases the budget activity by 10% or less than the original amount, the adjustment can be carried out and will be reported in the next financial report.
- If the adjustment is greater than 10% of the original budget amount, authorization of this adjustment shall be requested to FFEM in writing and could lead to an addendum to the agreement to amend its budget appendix.

In the event that the adjustment is for a budget activity of a considerable amount (and the 10% is >US\$5,000), FFEM must also be notified.

6.4. Financial Reporting

The financial report presents the financial progress of the Project for the reporting period and accumulated since the beginning of activities for each budget line (components) and the detailed list of expenses based on:

- Expenses made directly by MAR Fund.
- Expenses reported by the grantees in their financial reports every six months.

The financial report will include information on all budget modifications (if any).

MAR Fund will produce the following financial reports (formats provided in **Annex II**):

- Annually and every time an advance payment is requested.
- Annual audited reports by June of each year.
- Final report and final audit, no later than six months after the closing date.

6.5. Audits

- The annual MAR Fund institutional audits will include revision of the project accounts. MAR Fund's audits are entrusted to account auditing firms that verify the proper management of funds. Audits will include a revision of the administration of the project by MAR Fund, following International Auditing Standards published by the International Auditing and Assurance Standards Board (IAASB) and the specific requirements of AFD, if applicable.
- MAR Fund is allowed to entrust this mission to the selected independent external auditor after receiving a no objection on the Terms of Reference from FFEM.

6.6. Financial Sanction List

MAR Fund or any grantee shall:

- Not enter intentionally into any business relationship with persons or entities listed on any Financial Sanction List (including those related to the fight against terrorist financing).
- Not purchase, supply, finance any supplies, services or sectors which are subject to an Embargo by the United Nations, the European Union or France.

MAR Fund and its sub grantees undertake the responsibility to review the lists of persons, groups or entities submitted by the United Nations, the European Union and France for financial sanctions. For informational purposes only, the references below can be reviewed:

- For the United Nations, the United Nations Safety Council's sanction list may be consulted at: <https://www.un.org/sc/suborg/fr/sanctions/un-sc-consolidated-list>

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- For the European Union, the lists may be consulted at the following link: https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_fr
 - For France, see: <http://www.tresor.economie.gouv.fr/4248/Dispositif-National-de-Gel-Terroriste>

7. MONITORING AND EVALUATION AND PROJECT REPORTING

7.1. Monitoring and Evaluation

MAR Fund will be responsible for supervising and monitoring the progress of the Project. It will develop a Monitoring and Evaluation Plan, to be approved by FFEM.

7.2. Technical Reporting

MAR Fund will have the overall responsibility for reporting to FFEM and will establish a clear procedure for information flow from the partners and contractors to better consolidate results.

MAR Fund will produce the following technical reports (formats provided in **Annex III**):

- Annual reports by April of each year.
- Final report upon completion of the Project, no later than six months after the closing date.

8. DRAWDOWN OF THE FUNDS

8.1. Requests

Each Drawdown Request shall be delivered by MAR Fund (represented by any of the people appointed by the Board Chairman) to the head of the Agency office at the following address:

Secrétariat du FFEM
Attention Secrétaire Générale
AFD
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8.2. Payment mechanics

There are two possible options for MAR Fund to request funds:

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- a) Direct payment by the Agency to the Custodian Bank:

This payment mechanic will be used by MAR Fund for the one-shot payment of FFEM contribution to the "MAR Fish" endowment fund to be established as part of the approved Project.

- b) Drawdowns through advances

Each Drawdown shall be made available by the Agency in the form of advances (an "Advance(s)" paid into the exclusive Project Account (as defined below):

- **First advance:** upon compliance of the Conditions Precedent established in the corresponding Grant Agreement, the Agency shall pay a first advance to the exclusive Project Account.
- **Additional advances:** additional advances will be paid upon MAR Fund's request subject to the following conditions:
 - a) A certificate signed by a duly authorized representative of the MAR Fund certifying that at least eighty per cent (80%) of the Advance immediately preceding have been utilized.
 - b) A detailed breakdown of the payment with respect to Eligible Expenses by components during the relevant period.
 - c) For steexpenses of an amount greater than five thousand Euros (€5,000), the originals, in addition all the pertinent documents related to.
 - d) A revised estimate of the Project costs as well as eligible expenses for the term of the Project, updated as at the date of the Drawdown Request.
 - e) The latest annual audit report provided.
 - f) The detailed provisional expense plan for the next 12 months

9. ANNEXES

- I. Proposal format
- II. Interim and Final Financial Report Format
- III. Interim and Final Technical Report Format
- IV. Procurement Guidelines for AFD-Financed Contracts in Foreign Countries
- V. Contract Services MAR Fund 501 (c) (3)
- VI. Contract Services MAR Fund Branch
- VII. Grant Agreement
- VIII. For Grantees: Statement of Integrity, Eligibility and Social and Environmental Responsibility
- IX. For Contractors: Statement of Integrity, Eligibility and Social and Environmental Responsibility
- X. Procurement Plan Format