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WWF Operational Network Standards & Recommended Best Practices



Version 5.1

WWF Operational Network Standards & Recommended Best Practices

Network Standards Updates:

Version

Project Budgeting.....	2.0
Cost Recovery	2.3
Timesheets.....	1.0
Financial Reporting Standard <i>(including R3F and R3P, Project Expenditure Report, Full Term Forecasting and Financial Reporting Cycle)</i>	2.2
Foreign Exchange Translation	1.2
Contracts I (<i>"Intra-Network Contracting"</i>).....	1.3
Contracts II (<i>the "Use of Consultants"</i>).....	1.1
Standard Network Terminology.....	3.0
Carbon Offset	2.0
Prevention of Fraud and Corruption	1.1

Recommended Best Practices Updates:

Version

Funds Transfer	1.0
Management of Foreign Exchange Risk	1.1

Published on 25 July 2006

Last updated in Feb. 2012

If you have any further questions, or wish to share comments, please contact:



Martine Maquet

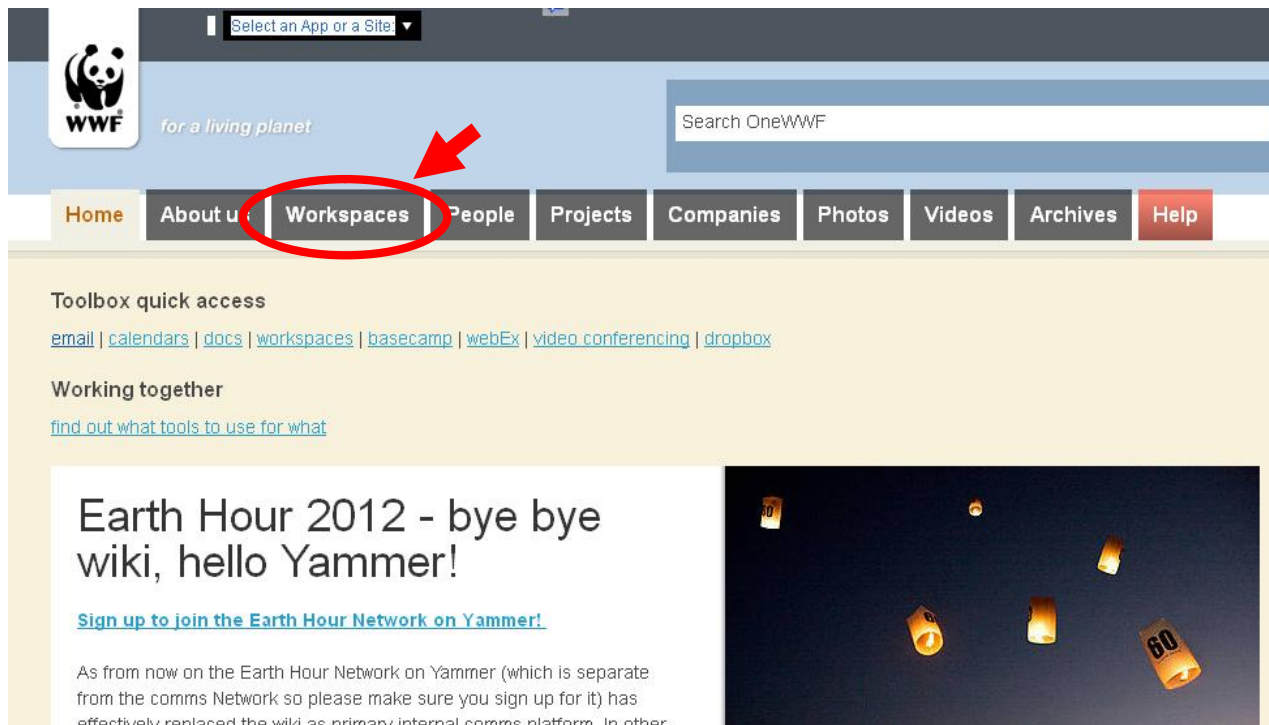
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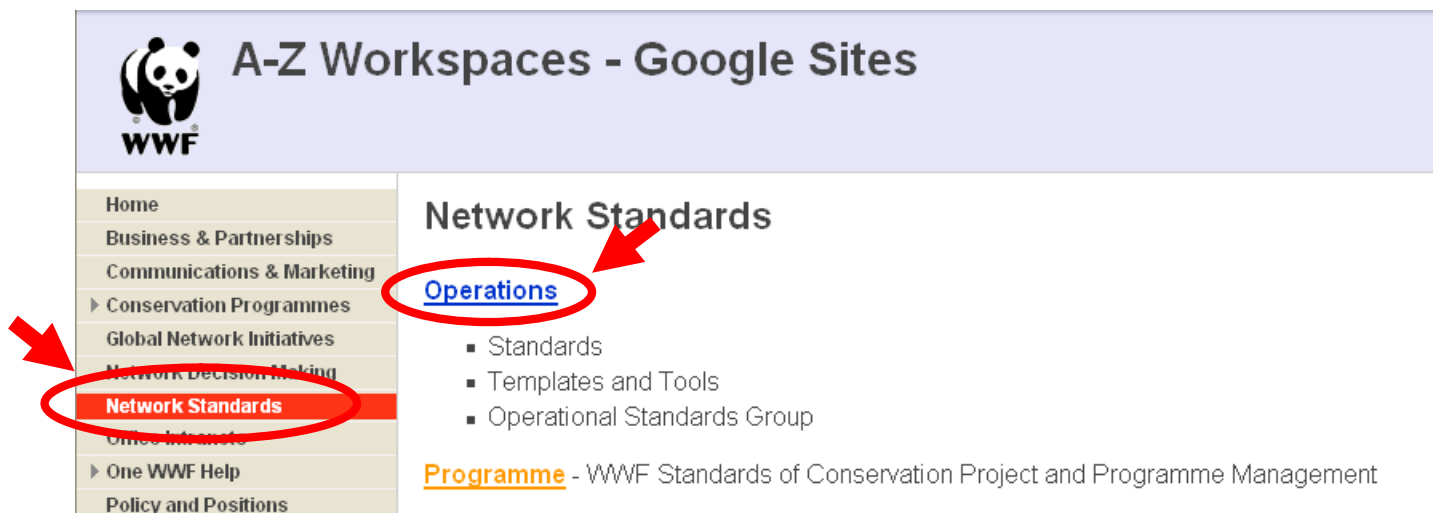
WWF Operational Network Standards & Recommended Best Practices

How to find us on WWF Intranet?

- Find **WWF Intranet** at: <https://intranet.panda.org/onewwf/> and select **Workspaces** as shown below.



- Then select the workspace **Network Standards** as shown below, and then [Operations](#).






WWF Operational Network Standards & Recommended Best Practices

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Cost Recovery

Contact: [Martine Maquet](#)

Validity: from 1st July 2006

This standard serves the Network at different levels:

- Network** - The Standard increases transparency and consistency, contributing to a smooth relationship between donors and implementing offices.
- Implementing offices** - The true costs of projects are identified and recovered: the Standard contributes to enhance financial security.
- Project & Finance staff** - A clear and easy to follow methodology is provided: the Standard helps F&A staff to save time and efforts by contributing to a better collaboration between Project and Finance staff, which is essential to successfully achieve projects' goals.

This Standard is applicable across the WWF Network:

- To WWF Organizations which fund projects implemented by other WWF Organizations;
- To Implementing Offices who receive funding from WWF donors.

<input type="checkbox"/>	02a - STANDARD Cost Recovery.pdf	STANDARD - Cost Recovery	252k	v. 3	Oct 27, 2010 3:24 PM	Martine Maquet
	View Download					
<input type="checkbox"/>	Example Implementation plan.xls		52k	v. 3	Aug 30, 2010 2:26 PM	Martine Maquet
	View Download					
<input type="checkbox"/>	Standard Template for the publication of Common costs methodology.XLS	TEMPLATE - Common Cost Sharing Methodology	21k	v. 4	Mar 23, 2011 9:51 AM	Martine Maquet

Subpage Listing

[Publication of Offices Cost Sharing Methodology](#)



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WWF NETWORK STANDARD TERMINOLOGY

*: the *Business Planning Recommended Best Practice* has been withdrawn from the Operational Network Standards in March 2011.

Operational Network Standards Recap

By Martine Maquet - Last Updated: Sept. 2011



Standard	Information type	Template to use	When?	Comment
Project Budgeting	Project/Programme budgeted Income & Expenditure summary	B3	Every time a project/progr. proposal is drafted	Mandatory for <u>ALL</u> projects
	Project/Programme budgeted Income + detailed Expenditure	Detailed Budget Template	Every time a project/progr. proposal is drafted	Highly recommended for projects > CHF 100'000 or equivalent
	Assurance that important items have been considered when drafting a Project/Programme budget + Technical and Financial signoff	Budgeting Checklist	Every time a project/progr. proposal is drafted	Mandatory for all projects > CHF 50'000 or equivalent
Cost Recovery	Rate used for the calculation of Cost Recovery + justification if different from standard rate (12.5%)	B3 or Detailed Budget Template R3F or R3P	Every time a project/progr. budget is issued Every time a project/progr. financial report is issued	Mandatory for <u>ALL</u> projects, programmes and Network Initiatives
	Method of calculation used by offices for the sharing of common costs	Cost Sharing Calc. Template	Once a year	
				To post on WWF Intranet under the Cost Recovery Standard section
Time Sheets	Number of hours or % of time worked per week/month, per employee, on listed projects/activities	No mandatory template	Once a week, twice a month or once a month	Template examples are provided. Time sheets are mandatory for WWF staff working on projects.
Financial Reporting	Quarter 1 Funding Agreement Income & Expenditure Actuals, Notes to the R3F including variance analysis and comments, Cash Analysis and Cash Request	Tab 1, Tab 2 & Tab 5 of R3F	31 st October	NB: Tab 5 to fill in only for WWF-US funding
	Quarter 2 Funding Agreement Income & Expenditure Actuals, Notes to the R3F including variance analysis and comments, Cash Analysis and Cash Request	Tab 1, Tab 2 & Tab 5 of R3F	31 st January	NB: Tab 5 to fill in only for WWF-US funding
	Quarter 2: six-monthly Project Expenditure by Donor and by GL code	R3P	31 st January	This report is unnecessary if ONE Donor funds ONE project. In this case, the R3F is sufficient.
	Quarter 3 Funding Agreement Income & Expenditure Actuals, Notes to the R3F including variance analysis and comments, Full Term Forecast and analysis, Cash Analysis and Cash Request	Tab 1, Tab 2, Tab 3 & Tab 5 of R3F	30 th April	NB: Tab 5 to fill in only for WWF-US funding
	Quarter 4 Funding Agreement Income & Expenditure Actuals, Notes to the R3F including variance analysis and comments, Multi-year Summary Report in Donor's currency, Cash Analysis and Cash Request	Tab 1, Tab 2, Tab 4 & Tab 5 of R3F	31 st July	NB: Tab 5 to fill in only for WWF-US funding
	4th Quarter: full year Project Expenditure by Donor and by GL code	R3P	31 st July	This report is unnecessary if ONE Donor funds ONE project. In this case, the R3F is sufficient.
FX Translation	Actual Weighted Average for the period reported	R3F or R3P	Every time a project financial report is issued	There is a table in the form R3F to help users to calculate the Actual Weighted Average per quarter
Intra Network Contracting	Name of Donor, Name of Recipient, Title and Number of Project/Progr. (can be several projects), Contract Reference # and Date, Period funded, Amount Funded, Funding Source, Recipient's Bank Details, Payment Schedule, Project Executant, Project Administrator, Project Supervisor, Output/Deliverables, Special Provisions, Project Proposal including Work Plan, Project Budget, WWF Terms & Conditions, etc.	Project Agreement Template C1	Every time a project/programme is funded by a WWF office and implemented by another WWF office	This standard is applied between WWF entities only. It can be signed and filed electronically. Any amendment to a contract should also be signed.
Carbon Offset	Budgeting for Carbon Offsets	B3 or Detailed Budget Template	Every time a project/progr. Budget includes air business travel for WWF staff	Two methods of calculation are suggested by the standard. The CO2 tons emitted times the price per CO2 ton is the recommended one and appears automatically in the Detailed Budget Template.
	Inventory of WWF offices' air business travels and calculation of carbon emission per office	ClimateFriendly Online Portal	Throughout the year, finalized at the end of the financial year	It is mandatory for all WWF staff's air business travels.
	Gold Standard Credits offset certificate	Gold Standard Website	30 th August	Purchased credits need to be Gold Standard certified. To be sent to the Network Performance Analysis unit at WWF Int.
	Green House strategy which identifies in-house emission reduction measures	n/a	From 2007	All WWF offices should start implementing these measures where possible
Prevention of Fraud & Corruption	A "Prevention of Fraud & Corruption Policy" must be in place in each WWF office.	n/a	From 1st July 2012	All WWF staff (includes interim/temporary staff, volunteers, partners and hired consultants) must read, approve and sign a copy of the Office's Fraud/Corruption Policy.

WWF OPERATIONAL NETWORK STANDARD

December 2009 changes highlighted in RED

May 2010 changes highlighted in BLUE

COST RECOVERY

Contents:

1. Objectives and scope
2. Methodology and process
3. Responsibilities

Annexes:

ANNEX 1: Cost Recovery table

ANNEX 2: Internal Management Fee sharing

ANNEX 3: GAA and other external donors Management Fees

ANNEX 4: Template for the publication of Common Costs methodology

ANNEX 5: Terminology

ANNEX 6: Frequently Asked Questions

WWF Operational Network Standard

Cost Recovery

1. OBJECTIVES AND SCOPE

■ Objectives:

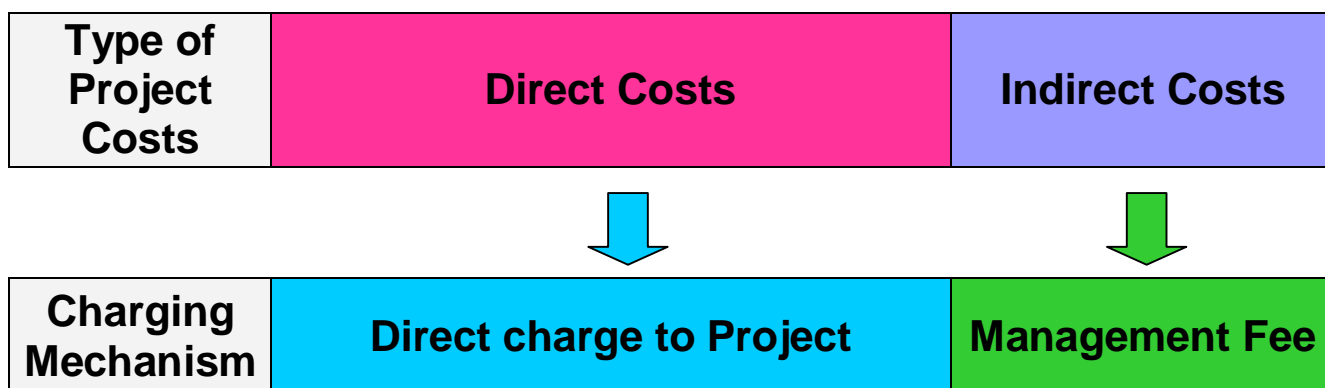
- To ensure consistency across the WWF Network: by providing a standard method for recovering costs incurred in the implementation of projects funded by WWF Network Donors;
- To allow Implementers to clearly identify direct costs and recover indirect costs by providing:
 - a comprehensive review of costs incurred in the implementation of projects;
 - a typology of these costs; and
- To ensure transparency by defining:
 - which costs are charged directly to a project;
 - which costs are indirect and are recovered via a Management Fee;
 - any costs that are collected centrally and then allocated as either direct or indirect.
- To reduce the co-existence of multiple Cost Recovery methods within Implementing Offices: by aligning WWF Cost Recovery practices to methods generally accepted by GAA partners.

■ Scope:

- This Standard applies to all projects funded by WWF Network Donors and implemented by WWF Network entities:
 - **budgets** supporting proposals should allow for the recovery of costs in accordance with this Standard;
 - **financial reports** should account for costs incurred in the implementation of projects in accordance with this Standard.
- Funding provided by WWF Network Donors should allow Implementers to recover their costs in accordance with this Standard; **however, where restrictions are imposed by Primary Donors, these will prevail** (see also [Annex 3](#)).
- WWF Network Implementers should ensure that their system allow them to analyze and charge their costs in accordance with this Standard.

2. METHODOLOGY AND PROCESS

■ Overview



- **Cost types:** costs incurred in the implementation of projects fall within one of the following categories:

- **Direct Costs:** costs which can be directly traced or allocated to a project, programme or NI;
- **Indirect Costs:** costs which cannot be directly traced or allocated to a project, programme or NI;

The two costs categories are mutually exclusive¹.

The **Cost Recovery Table** in Annex 1 provides a classification of the costs commonly incurred in the implementation of projects into these two categories.

■ Recovery method per cost type:

- **Direct Charge:** Direct Costs are directly charged to the relevant project:
 - See table in Annex 1 for allowable costs;
 - Directly charged staff costs are based on actual staff time spent on the relevant project:
 - Direct staff time spent on each project is documented by the use of timesheets or time tracking forms;

¹ I.e.: each expense or part thereof can only be allocated to one of the cost types. *Note in addition that the cost classification does not change depending on funding status.*

WWF Operational Network Standard

Cost Recovery

- Timesheets or time tracking forms are completed and signed by the employee. Please also refer to the Timesheet Network Standard.
- As specified in Annex 1, direct staff costs are based on salaries, benefits, taxes, social charges and can be accompanied by a relevant portion of common costs².
- **Recovery of Indirect Costs:** Indirect Costs are recovered via the Network Standard Management Fee:
 - The Fee is set at **12.5%** of Direct Costs:
 - 12.5% of total budgeted Direct Costs for budgeting purposes;
 - 12.5% of actual Direct Costs for year-end reporting purposes:
 - * The Network standard is that the reported Management Fee equals 12.5% of actual Direct Costs for each quarterly report;
 - * However, it is acknowledged that accounting practices in some offices may differ from this best practice recommendation: as a result, this standard allows some flexibility in the accounting and reporting of the Management Fee provided that the year end reported Management Fee equals 12.5% of actual Direct Costs;
 - * Note that the flexibility allowed for Network reporting is not likely to be allowable for GAA reporting;
 - * Management Fee sharing: see Annex 2.
 - Where Implementing Offices are unable to cover their Indirect Costs (Network Management Fee + other contributions to Indirect Costs³), they should apply to be granted a higher rate through the Exception Mechanism. The Exception Mechanism operates as follows:
 - Principle: 2 exceptions may be considered for overruling the Network rate:
 - * where the nature of the Implementing Office is such that a high Indirect Costs ratio is inherent to the office⁴; and

² *Provided that charging common costs does not create administrative burden. They have to be charged separately under the relevant budget line and cannot be included in the staff hourly rate.*

³ *Other contributions to Indirect Costs may include the PO Levy, reserves, and management fees levied from non-WWF Donors.*

⁴ *E.g.: policy offices may fall into this category.*

WWF Operational Network Standard

Cost Recovery

- * where the Implementing Office has a temporarily high Indirect Costs ratio, provided that it can demonstrate it has a plan to decrease such ratio within a reasonable timeframe⁵.
- Process:
 - * Exceptions to be reviewed by the Programme Office Management Director and a Senior Finance person from the relevant Home Office⁶;
 - * Provided the review supports the case at hand, the Programme Office Management Director and relevant Senior Finance person will make a recommendation to the Chief Operating Officer (COO) and the Conservation Director at WWF International;
 - * Decision to be formally approved by WWF International COO and Conservation Director within 4 weeks of the application being made;
 - * At the end of the Exception's approved timeframe, the relevant Management Fee will revert to the standard Network Management Fee.

■ How to determine if a cost is Direct or Indirect?

The key criterion is whether a cost is incurred specifically for a project or not.

Annex 1 of this Standard provides examples. The footnotes are an important part of that table.

In cases of uncertainty, the Implementing Office and the Donor should agree up-front how a specific cost is to be classified and charged.

Implementing Offices are strongly encouraged to keep and update a record of their costs classification in accordance with the guidance and format of Annex 1.

- **Important!** When several projects are sharing an office space with their Implementing Office, the costs incurred in respect of the occupation and functioning of this common space are called **Common Costs**.

They exclude any staff costs, except for security and cleaning staff costs and can be either Direct or Indirect (see following table).

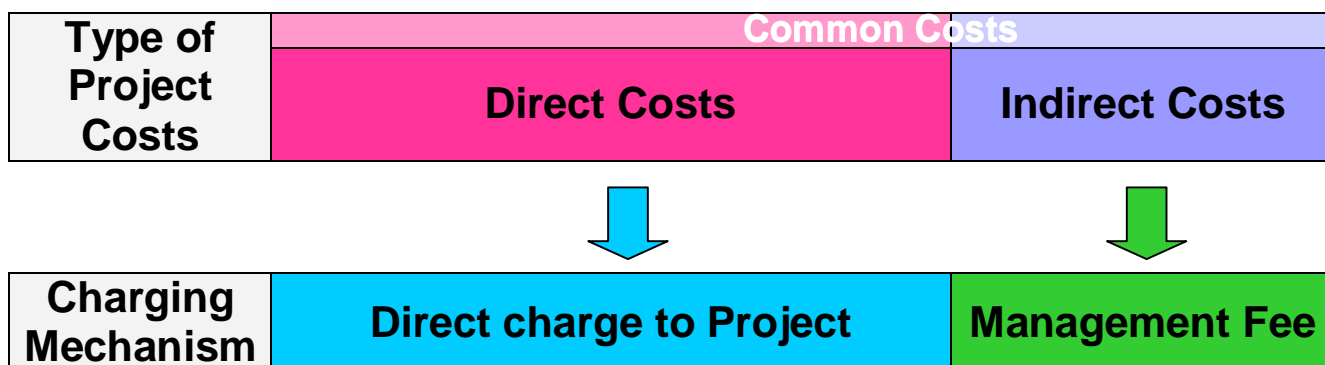
⁵ E.g: offices which are in a start-up phase, or undergoing a temporary dip in funding.

⁶ For National Organizations applying for the exception mechanism, the Senior Finance person in charge of this review is a Senior Finance staff of WWF International.

WWF Operational Network Standard

Cost Recovery

At the project implementing phase, it is crucial to identify these costs and budget them adequately.



- **Sharing of Common Costs:** Common Costs are shared in accordance with a method determined and published by the Implementing Office:
 - Common Costs are pooled amongst projects and Implementing Office which share them;
 - Implementing Offices determine the relevant proxy for sharing each type of Common Cost:
 - Proxies can be related to space occupation or service/utility consumption (e.g. headcount, square **meters used**, a combination of these, etc.), and should not be based on unrelated criteria (e.g. actual or budgeted project expenditure);
 - Common Costs allocation methods may be specific to each cost type (e.g. headcount for telecom charges, square **meters used** for rent and related costs). However, for the sake of efficiency, we recommend offices use headcount (**FTE = Full Time Equivalent**) as the proxy;
 - Implementing Offices publish their Common Costs allocation method⁷, by cost type, **on WWF Intranet**; they endeavor to keep this information up-to-date. It is recommended that Implementing Offices keep the allocation method for a given cost type constant.
 - Implementing offices maintain an audit trail of their Common Costs allocation;

⁷ See [Annex 4 - Template for the publication of Common Costs methodology](#)

WWF Operational Network Standard

Cost Recovery

- The Finance department of the Implementing Office calculates the percentage allocation to the relevant projects:
 - For budgeting purposes, allocation percentages are estimated on the basis of office budgets;
 - Actual allocation percentages are calculated at least annually;
 - Their adequacy is reviewed on a quarterly basis;
 - Allocation percentages are re-calculated where **important** changes affect the pool of Common Costs⁸.

Note:

This Standard does not provide a methodology and process for the detailed tracking of Indirect Costs. It is the responsibility of the management of the Implementing Offices to track Indirect Costs against Management Fee income, ensure that such costs are appropriately controlled, and apply for the Exception Mechanism on a timely basis should they foresee a shortfall. The end of February preceding the fiscal year is an indicative timely basis for such application.

⁸ *E.g.: significant change in headcount, significant change in the scale of a project resulting in increased office space, material impact of new projects on the pool of Common costs, etc.*

WWF Operational Network Standard

Cost Recovery

3. SUMMARY OF RESPONSIBILITIES

■ WWF Network Implementers:

- Classify and analyze their costs in accordance with the typology provided in the Cost Recovery table ([Annex 1](#));
- Submit budgets and financial reports in which costs are charged, allocated and recovered in accordance with this Standard;
- Publish their methodologies for sharing Common Costs on the WWF Intranet before the start of the financial year;
- [Agree with Donors \(and notify Donors of any proposed changes to\) details of Project Directly Charged costs performed by Core Staff \(e.g. Senior Conservation Director, Finance & Administrative staff, or Office Representative\) as listed in \[Annex 1\]\(#\) of this standard;](#)
- Review changes to the Common Costs allocation basis at the end of every financial year.

■ WWF Network Donors:

- Fund Direct and Indirect Costs incurred by Implementing Offices in accordance with this Standard.

■ Home Offices:

- Home Offices auditors include the review of Common Costs sharing methodologies in the scope of their audits.

■ WWF International:

- Processes requests for the Exception Mechanism.

If you have any further questions or wish to share comments, please contact:

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WWF Operational Network Standard

Cost Recovery

ANNEX 1: ALLOCATION TABLE FOR COSTS BELONGING TO THE PROJECT

This table and its notes provide examples of costs commonly incurred in the implementation of projects and the relevant method to recover these costs in accordance with the Network Standard.

Costs are grouped under two headings:

- **NON-STAFF COSTS** and
- **STAFF COSTS**

Important! The notes below form an integral part of this table.

PROJECT COST TYPE	DIRECT	INDIRECT
CHARGING MECHANISM	DIRECTLY CHARGED TO PROJECT	RECOVERED VIA MANAGEMENT FEE
NON-STAFF COSTS		
Rent and related costs ¹	✓ - project field office ✓ - field project's agreed share of space ² (when sharing an office with an Implementing Office)	✓ - share of space occupied by Implementing Office staff
Equipment	✓ - computers and printers for project staff; other equipment specifically agreed with donors ✓ - field project's agreed share of cost of acquiring and operating fax, photocopiers, network servers, telecoms equipment, etc. ¹ (when sharing an office with an Implementing Office)	✓ - share of equipment used by Implementing Office staff
Telephone / telecom. charges	✓ ³ - where a tracking system is in place, field project's share of telecoms costs as determined by such system ✓ ⁴ - where no tracking system is in place, field project's agreed share of costs of communications ¹ (when sharing an office with an Implementing Office)	✓ - share of Implementing Office staff telecoms costs, whether a tracking system is in place or not
Office supplies	✓ - specialist supplies, e.g. extraordinary mailing costs or direct orders via Programme Office ✓ - field project's share of office supplies ¹ (when sharing an office with an Implementing Office)	✓ - share of office supplies used by Implementing Office staff

WWF Operational Network Standard

Cost Recovery

PROJECT COST TYPE	DIRECT	INDIRECT
CHARGING MECHANISM	DIRECTLY CHARGED TO PROJECT	RECOVERED VIA MANAGEMENT FEE
Vehicles ⁵	√ - project specific vehicles √ - share of mileage ^{1 & 5} used by project staff	√ - share of mileage ⁵ used by Implementing Office staff
Audit, legal / consultancy fees	√ - project audit	√ - office audit ¹¹
Grants	√	
Training, workshops	√ - if project specific	√ - if Organization wide
Travel (see also note 5)	√	
STAFF COSTS		
Project technical staff: ⁶ - Country Coordinator ⁹ - Project Executant ⁷ - Project Officers ⁷ - "Field Staff" ⁸ - Project Coordinators / Administrators ¹²	√	
Project Communications Staff ⁶	√	
IO Finance, IT and other Admin Staff (e.g. HR), IO Communications ⁶	√ - when project specific work ¹⁰ is performed and tracked with timesheets	√
Receptionist, Office / Administrative Assistant ⁶	√ - when project specific work ¹⁰ is performed and tracked with timesheets	√
Senior Conservation Director ⁶	√ - when project specific work ¹⁰ is performed and tracked with timesheets	√
Regional / Country Representative ⁶	√ - when project specific work ¹⁰ is performed and tracked with timesheets	√

WWF Operational Network Standard

Cost Recovery

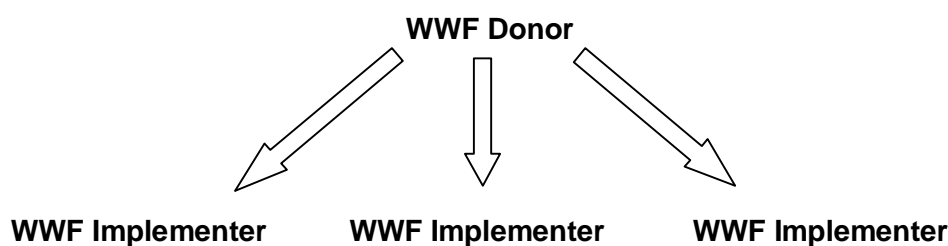
Notes:

- ¹ Insurance, maintenance, utilities, security, cleaning, etc.
- ² Common costs are incurred where a field project has staff based in the Implementing Office space or is sharing a field office with another project.
- ³ Tracking of telephone charges by a system generally concerns long distance calls.
- ⁴ Where a tracking system is not in place, telephone costs may be allocated on another basis; a weighting for those projects which incur long distance telephone charges should then be put in place as a minimum.
- ⁵ Note that usage, usually in the form of a mileage charge, covers both variable costs (petrol, maintenance) as well as fixed costs (capital, insurance).
- ⁶ Salaries, benefits, social charges, taxes and **relevant portion of common costs (see footnote No 2 in the Standard's text)**.
- ⁷
 - Project Executant: the WWF person who is in charge of achieving the results of the Project and its overall delivery, including responsibility for the project budget, monitoring of project outcomes, production of workplans, and technical reports (see WWF Standard Terminology).
 - Project Officers implement the Project and report to the Project Executant.
 - For small projects, the Project Executant and the Project Officer will usually be the same person.
 - In some cases, Project Executants and Project Officers costs may include a portion of Senior Conservation Directors', PO Reps', and Country Coordinator's time (see also notes 9 and 10).
- ⁸ Could include for example an accountant working specifically for the project.
- ⁹ It is understood that a substantial portion of the Country Coordinator's time may be directly charged, but that some general supervision would be included in the Management Fee.
- ¹⁰ *If project specific tasks are performed by Implementing Office core staff, this should be clearly identified and budgeted as Direct Project Cost. As an example, it is expected that normal supervision by Senior Conservation directors and Office Representatives is classified as Indirect Cost. However, technical expert work by Senior Conservation directors and Office Representatives which exceeds expected supervision is classified as Direct Cost; this would have to be agreed with the donor before signature of the funding agreement and time spent on projects should be tracked with timesheets.*
- ¹¹ Where an office audit is necessary and, in the case of Programme Offices, not paid for by the Home Office.
- ¹² This function can include: support to programme staff on project financial issues at the "Define" stage, assistance to project budgeting, project contracting, administration of payments, project cash flow monitoring, project financial planning, project financial reporting, etc.

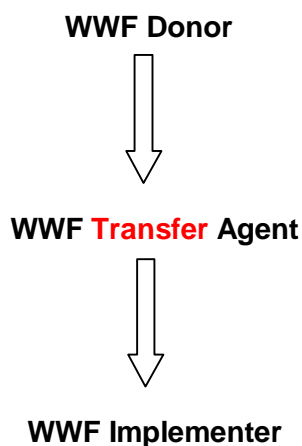
ANNEX 2: INTERNAL MANAGEMENT FEE SHARING

This Annex addresses two cases when the Management Fee needs to be shared between WWF entities:

1. There is **more than one Implementer** (co-implementers):



2. A WWF entity acts as an **Agent** between the **WWF Donor** and the **WWF Implementer**.



Important Note: where an intermediary WWF office is not expected to provide any support services, the funds should be sent directly to the Implementing Office and should not transit through an intermediary WWF office.

WWF Operational Network Standard

Cost Recovery

1. Co-implementers

Principles:

- The general principle is to share the Management Fee in proportion of direct costs incurred by each Implementing Office ("pro-rata sharing");
- Where one Implementing Office feels this recommended split is not equitable, the co-Implementing Offices may agree to a different basis for sharing the Management Fee⁹.
- The aggregate of the Management Fees charged by the co-implementers must not exceed the Network Management Fee of 12.5% of the direct costs incurred by all Implementers.

Process where the Management Fee is not shared on a pro-rata basis:

- The co-implementers should include a Management Fee sharing plan in their proposal(s) to the WWF Donor.
- The Management Fee sharing plan is applicable whether or not more than one Funding Agreement is in place:
 - If there is one Funding Agreement, the Management Fee is calculated in accordance with this Standard and transferred between Implementers to reflect actual contribution;
 - If there is more than one Funding Agreement, the percentage contribution is applied to the sum of Management Fees calculated in accordance with this Standard and transfers of part of the fee between Implementers reflect the agreed administrative share of the aggregate projects.

2. WWF entity acting as an Agent between WWF Donor(s) and WWF Implementer(s)

Principle: the WWF Implementer receives a management fee of 8.5% and the Agent a fee of 4%, where the Agent is expected to provide management oversight and quality assurance¹⁰.

⁹ For example, in the case of an eco-regional programme where one of the co-implementers takes a lead role in coordinating the project.

¹⁰ This work could entail the liaison with donors, management review of proposals, work plans, budgets, financial, technical and audit reports as well as the monitoring of technical, operational and financial risk management. *The 4% management fee charged by the Transfer Agent covers its Indirect Costs; Transfer Agent's direct project costs are charged directly to the project budget.*

ANNEX 3: GAA AND OTHER EXTERNAL DONORS MANAGEMENT FEES¹¹

In the case of a National Organisation acting as the lead with a GAA or other external donor for support of a WWF Implementer, the amount of the **Management Fee should be provided** for in the Funding Agreement to the extent allowed by the GAA or other external donor (including an equivalent amount that may need to be directly charged).

~~If the GAA or other external donor allows Management Fee sharing, the NO responsible for negotiating the Funding Agreement should seek to apply the principles of Annex 2. In such cases, the Management Fee will be capped at the percentage Management Fee allowed by the outside donor, not the Network Management Fee rate of 12.5%.~~

The arrangement for Management Fees negotiated by the NO with the GAA or other external donor is the responsibility of the NO; it includes the risk taken by the NO in advancing the funds to the **Implementing Office(s)** and the role that the NO undertakes to manage relations with the GAA or other external donor.

¹¹ ~~The scope of this Standard is essentially restricted to funding agreements between WWF Donors and WWF Implementers. However, in view of the frequency of the issue, this annex addresses the cases when a WWF entity acts as an Agent between a GAA or other external donor and a WWF Implementer.~~

ANNEX 4: TEMPLATE FOR THE PUBLICATION OF COMMON COSTS METHODOLOGY

Allocation of Common Costs		
<i>Common Costs</i>		<i>Sharing basis</i>
Rent & related costs:		
	Office rent	
	Security and cleaning	
	Repairs & maintenance	
	Office Water and Electricity	
	Others	
Equipment:		
	Computer expenses	
	Computer repair and maintenance	
	Office equipment insurance	
Telephone / fax / e-mail		
	Telephone	
	Fax charges	
	Email charges	
Office supplies / consumables:		
	Postage and shipping	
	Courier services	
	Office stationery	
	Computer supplies	
	Photocopying charges	
	Other office supplies	

ANNEX 5: TERMINOLOGY

- **Common Costs:** costs incurred in respect of the occupation and functioning of a common space occupied by a number of projects and the Implementing Office, excluding any staff costs, except for *security* and *cleaning* staff costs.
- **Cost Recovery:** method applied by an Implementer to recover the costs incurred in the implementation of a project.
- **Direct Costs:** costs which can be directly traced or allocated to a project, programme or NI.
- **Donor:** any organization or person which donates funds to a WWF Office. A WWF Network Donor is also called a Donor.
- **Indirect Costs:** costs which cannot be directly traced or allocated to a project, programme or NI.
- **Network Management Fee:** percentage applied to the Direct Costs incurred in respect of a project. The purpose of the Fee is to recover Indirect Costs incurred by the WWF Network Implementer to support the implementation of the project.
- **PO Levy (Programme Office levy):** PO Levy is unrestricted funding to Programme Offices as a contribution to their core functions. The POs may use the funds from WWF International as needed: the underlying philosophy is to give the offices a strong incentive to cover most running costs through other means, and to leave the resulting funds free for programme development in the field.
- **Primary Donor:** any donor outside of the WWF Network who is the original source of funding to a WWF Network Donor.
- **Project Officer:** a person who implements the Project and reports to the Project Executant.
- **WWF Network Implementer (or “Implementing Office”):** any entity from the WWF Network which enters into a funding agreement with a WWF Network Donor for the implementation of a project.

ANNEX 6: FREQUENTLY ASKED QUESTIONS

1. Why issue a Network Standard for Cost Recovery?

It is crucial that Implementing Offices be empowered to charge to projects the costs of providing an infrastructure from which such projects are being run. It is also very important that any charging mechanism be transparent to ensure a smooth relationship between Implementing Offices and WWF Donors.

After careful consultation and consideration, the Operational Standards Group has concluded that a network-wide standard methodology is the optimum way of achieving these two objectives.

2. Why is a flat rate used to calculate the Management Fee?

The flat rate fee is just one method of charging management costs. It is a simple method which cuts down on processing costs and makes the accounting relationship between WWF Donors and Implementers clearer.

The flat fee system encourages greater efficiency as Implementing Offices are encouraged to maximize activity (hence conservation work) to cover their management costs.

3. Charging a flat rate is “immoral” – non-profits should not make a profit!

There is no profit, because as a non-profit organization, WWF has to use all funds (including reserves) for its statutory goals.

Potentially the flat rate fee can lead to accumulating reserves; this has to be applied to further related conservation work, and, for Programme Offices, the use of any accumulation of reserves from the flat rate fee beyond 1 year's value of the PO Levy should be discussed with relevant line management.

When applying appropriately the Cost Recovery Standard, we can end up with the following 3 scenarios:

WWF Operational Network Standard

Cost Recovery

Fig. 1 – Balanced Scenario

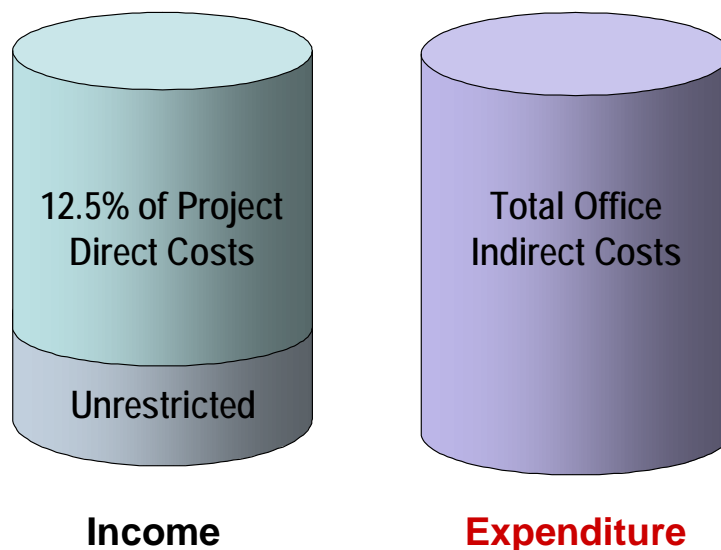


Fig. 2 – Excess Scenario

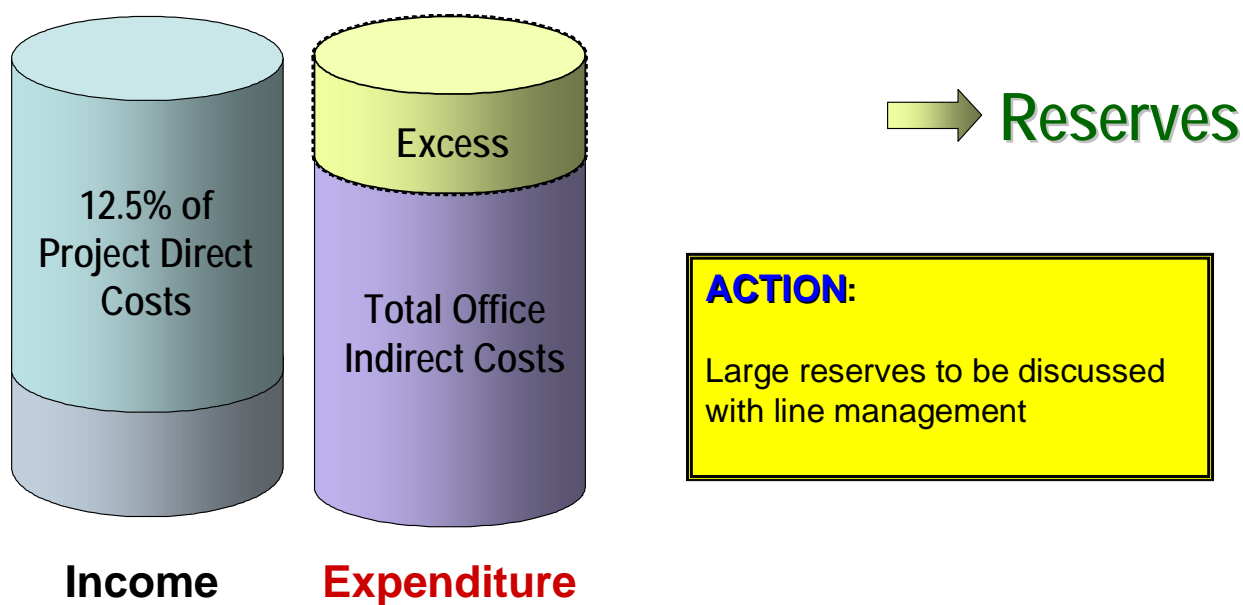
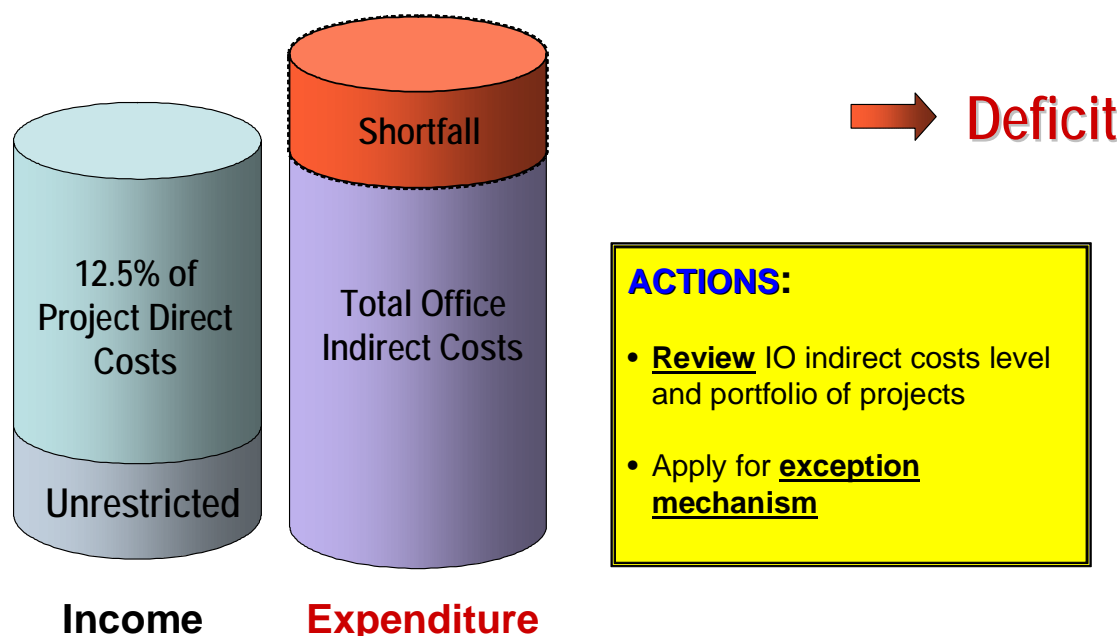


Fig. 3 – Shortfall Scenario



4. What is the 4% fee charged by the Transfer Agent covering?

The 4% charged by the Transfer Agent is used to cover general management work and **infrastructure** costs that cannot be tracked through timesheets (e.g. rental costs, electricity, training, etc.).

On top of these 4%, the time that is spent on a specific project should be directly charged to the project (through the use of Timesheets).

Note that this happens when Donors clearly specify their preference to have a central gateway for the project.

Example: this is the case for many projects that spans more than one country and where WWF International is the liaison (i.e. the "Transfer Agent").

5. What to do if actual time is different from budget time?

The simple answer is that over the life of a project the time charged must reflect the actual time spent on the project.

WWF Operational Network Standard

Cost Recovery

If actual time exceeds budgeted time, agreement may be needed from the Donor.

Implementing Offices must ensure that actual time allocations charged are signed off at Director's level (or equivalent in Programme Offices) and that these are auditable - i.e. that they reflect the reality of the time inputs and do not overstate inputs.

6. How to distinguish between Core staff and Project staff?

Core staff are the staff necessary to maintain the presence of WWF in a particular location (e.g. PO management team, finance, HR, IT, communication, administrative assistants, etc); this includes technical staff working on pre-planning and proposals, where funding secured from donors does not cover such activities.

Project staff is the staff necessary to implement projects.

The distinction between Core staff and Project staff is therefore not functional.

Individual members of staff may be Core staff for part of their time, and Project staff for another part of their time – hence the need to maintain timesheets (or an equivalent time-tracking system) for these members of staff.

Core staff costs and their associated common costs are recovered via the Management Fee (and, where applicable, by the PO levy or unrestricted fundraising). Project staff costs (salaries, benefits, social charges, taxes, and their associated common costs) are recovered through direct charging to project.

7. When an **Implementing Office core** employee works for a project, can this **work/time** be charged to the project?

a. Core staff technical expert services can become funded by a project when:

- i. It is explicitly mentioned in the project budget and agreed by Donor **beforehand**;
- ii. Or, if not in the agreed initial budget, it has been formally agreed upon with Donor and a "Latest Budget Approved by Donor" has been issued;
- iii. Time spent/work has been captured through a time sheet.

b. The relevant portion of common cost linked to this particular work can also be charged but **NEVER** via the hourly rate. This common cost should be clearly shown separately either on a separate line or distributed via the relevant common costs.

8. When a **core employee** works for a project, how can I charge his/her respective time to the project?

Let's go through a numerical example to see how this should work.

General assumptions:

- Project employees work 100% for their projects (and only for one project);
- Core functions employees are working only for the core office, with the exception of F&A who worked **24 hours for project 1 and 16 hours¹² for project 2** last month.
- The work shift is 8 hours/day, 20 days/month, i.e. 160 hours/month.
- Each employee costs **\$7'500/month to WWF**.

a) Salary Related Costs

All compensation (salary, social charges, personal insurance, retirement contributions, etc.) related costs are straight; it can be easily be identified/quantified (via timesheets) and charged to the project:

Cost for F&A staff	\$7'500	per month
i. Allocated for Project 1	\$1'125	15% (24 hours/160 hours)
ii. Allocated for Project 2	\$750	10% (16 hours/160 hours)
iii. Core Costs remaining	\$5'625	

(i) and (ii) are directly charged to the respective projects and (iii) is **recovered** via the Mgt Fee.

b) What about overhead costs related to this employee?

We have just allocated the share of the F&A compensation accordingly to the time he/she dedicated to the projects (always assuming the two considerations stated at the beginning of this part were followed) but what about **his/her** related common costs? **S/he uses** space in the office, **as well as** printers, phones, etc. How to deal with that?

First reaction is: how **significant** this cost is? Is it worthy all the extra administrative efforts to allocate it to the project?

If you believe it is **significant**, you can allocate the F&A related common costs to each project based on the same **principles** you used to allocate salary costs i.e. time. In our example, **15%** of F&A common costs go to Project 1 and **10%** goes to Project 2 **under the relevant overhead budget line**.

¹² This must be captured and documented via timesheets.

9. Are timesheets necessary?

Yes, the use of Timesheets is mandatory **for all staff working for at least one project**. Please also refer to the [Timesheet Network Standard](#) on WWF Intranet.

Timesheets enable offices:

- To capture the direct staff costs chargeable to projects;
- To capture the proportion of staff members' time spent on Core as opposed to Project activities;
- Where applicable, to serve as a basis for sharing common costs.

Timesheets are accepted by Network Donors as appropriate supporting documents provided that they are properly reviewed and approved.

Implementing Offices may use other appropriate methods, provided such methods have characteristics comparable to those mentioned above.

10. What happens if project implementation is delayed, whilst fixed costs are still being incurred?

In the case when the project start-up and implementation is delayed for any reason, but fixed costs are still being incurred (common costs, management fee), the Implementing Office has to agree with the Donor that Common costs and Management fee are to be charged.

If this charge (Common Costs, Management Fee) is not agreed with the Donor in time, the Donor may not accept these expenses, except for the case when despite the delay in start-up, actual implementation of the project is completed by the Implementing Office in time.

Please note that this is only applicable for Network Funding.

I.e. the following cases may arise:

- ***Delay in start, end on time:***

If the start-up of a project is delayed for any reason, the Implementing Office can charge common costs, direct costs and management fee related to the preparatory work but included in the contract period. Eg. Contract start date is July 1st but the actual start date is September 1st. The office can charge costs incurred starting July 1st. As always, any budget over-run will need to be reported to Donors, and their funding negotiated accordingly.

- ***Project needs to stop:***

WWF Operational Network Standard

Cost Recovery

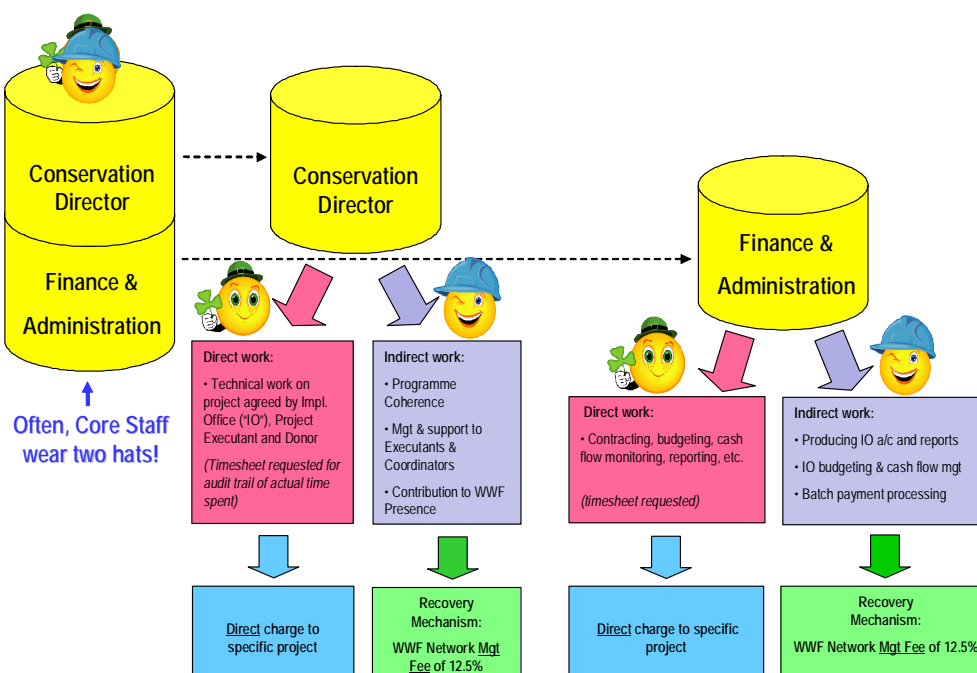
If circumstances prevent a project from being implemented, the Implementing Office should inform the donor, stop incurring costs and agree with the donor on the cut-off date. However, if there are circumstances where it makes good business sense to keep staff, office, etc., then the Implementing Office can charge cost recovery so long as it has approval from the Network Donor.

- **Delay in start or during project:**

If the project will end later than planned, the Implementing Office should request an extension from the donor. If fixed costs are still being incurred (direct costs, common costs and management fee) after the initial end-date of contract and the extension was not agreed with the donor in time, the donor may not accept these expenses.

11. Where is the line drawn between Core Staff costs that are covered by management fees and Core Staff costs that are charged as direct costs to projects (through timesheets)?

Core Staff can also work directly for projects to provide technical expert support. If these project tasks are not considered as “general support” (i.e. work/time that cannot be attributed to one project in particular), they must fill in timesheets in order to track time spent on each project. This direct cost appears in the project budget under the relevant budget line. See the following example of Core Staff costs splitting:



12. What happens when Primary Donor restrictions prevent the application of the Standard?

More and more WWF NO funding is coming from GAAs, Foundations or specifically identified donors who have donated against specific programmes or terms. The Standard cannot regulate restrictions imposed by Primary Donors, and therefore states that “where restrictions are imposed by Primary Donors, these will prevail”.

Whilst this is an inherent limitation to the Standard, the following are worth noting:

- The Standard has been drafted with a view to reflect the cost structures (direct **and indirect**) generally understood and accepted by the donor community, particularly GAAs. As a result, the principles of the Standard will usually be easily transferable to most Primary Donor funding;
- WWF Donors are encouraged to raise funds which can be spent in accordance with the principles outlined in the Standard.
- Other possible solutions:
 - Perform regular reviews of the core costs in comparison to the size of the project portfolio the office is managing.
 - Where the Donor allows Management to charge their time in place of part or all of the management fee, this should be separately identified and charged/reported directly to the project;
 - For Programme Offices: ensure that “PO Levy” is sufficient to cover the gap between core costs and total cost recovery;
 - Evaluate the possibility of using “Reserves” (unrestricted funds), based on a careful decision by the Implementing Office management and its home office (if any);
 - Apply for the “Exception Mechanism” on other projects (please refer back to point 2. of this Standard, pages 4 & 5);
 - Negotiate with NO Donor the possibility to contribute to the unrecoverable indirect project costs which could serve as matching funds;
 - In the absence of a fit with the strategy, the office management may refuse the funding.

13. Should Implementing Offices try and “maximize” Cost Recovery?

The underlying principles of the WWF Cost Recovery Standard are:

- Fairness and Transparency.

As such, the aim is not to “maximize” Cost Recovery, but to ensure that the indirect costs of conservation are covered.

WWF Operational Network Standard

Cost Recovery

The many WWF offices around the world have an infrastructure (people and systems) set up to support conservation projects, and this costs money (**indirect costs**).

Donors (be they WWF donors or external donors) are usually interested in giving money to pay for conservation projects – this way, they can see a direct link between the use of their money and conservation.

The Cost Recovery Standard provides reasonable, simple and transparent ways of allocating **indirect** costs to the project they support, and having them paid for as part and parcel of that project.

14. How is staff charge-out rate calculated?

Staff charge-out rates include all the direct costs of employing staff:

$$[\text{Salaries}] + [\text{benefits}] + [\text{social charges}] + [(where applicable) \text{ tax}]$$

For each directly charged staff, these costs must be added, and the resulting sum divided by the number of days/hours worked by the member of staff (i.e. excluding holiday entitlement).

The practice of “overhead loading” (i.e. including an overhead element in the charge-out rate of directly charged staff) is disallowed by this Standard - as it is disallowed by most primary or other external donors.

15. How do Implementing Offices ensure that the Management Fee provides a sufficient contribution to their Indirect Costs?

The note at the end of Section 2 of the Standard is very important:

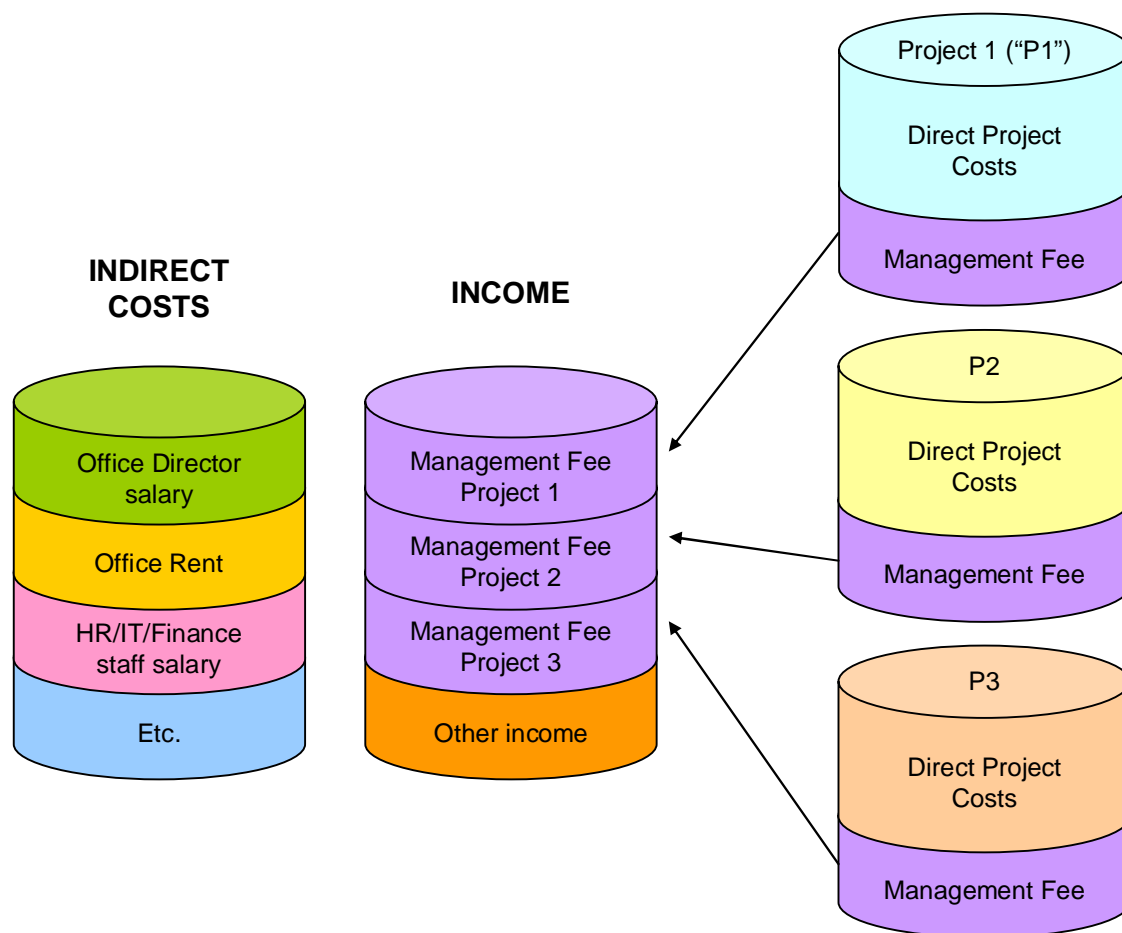
"This Standard does not provide a methodology and process for the detailed tracking of Management Costs. It is the responsibility of the management of Implementing Offices to:

- *Track Indirect Costs against Management Fee income;*
- *Ensure that such costs are appropriately controlled; and*
- *Apply for the exception mechanism on a timely basis should they foresee a shortfall."*

WWF Operational Network Standard

Cost Recovery

Implementing Offices must put in place a system whereby the “revenue” constituted by the Management Fee + other source of income is monitored against the expense constituted by Indirect Costs:



The above described income should at least cover Indirect Costs to ensure that no deficit builds up.

From the Implementing Office's accounts perspective, the Management Fee is a Project expenditure and an Office "Revenue", so it cancels out in the overall entity's reporting (in the Programme offices' financial overview submitted quarterly to WWF International, **it is shown as a negative expenditure as part of the PO core activity, and included in project costs**).

16. How do Implementing Offices determine whether a cost is Direct or Indirect?

Annex 1 of the Standard provides a table classifying costs. The footnotes are an important part of that table.

The key criterion is whether a cost is incurred specifically for a project or not.

In case of uncertainty, the Implementing Office and the Donor should agree up-front how a specific cost is to be classified and charged.

For example, it is important to determine in advance whether a Senior Conservation director's contribution to a project is of a managerial nature (in which case it is recovered via the Management Fee), or a technical expertise contribution (in which case it can be directly charged).

Implementing Offices are strongly encouraged to keep and update a record of their costs classification in accordance with the guidance and format of Annex 1.

17. Why do Implementing Offices have to publish their Common Cost sharing methodology on the WWF Intranet?

Publication of the Common Costs sharing methodology by each Implementing Office ensures transparency to Donors and provides a monitoring mechanism to the Network.

18. The exception mechanism for the Management Fee rate seems bureaucratic. Why can't the agreement be reached directly between Donor and Implementer?

The exception mechanism is aimed at offices level, not individual projects. Once the exception is granted, it will apply not only to one but to all Network Donors funding that office. In most cases, the aim is to help the office achieve a reasonable Indirect Costs ratio within an agreed lapse of time.

19. Is the Cost Recovery Standard the solution to recover 100% of an office Indirect Costs?

The answer is NO!

WWF Operational Network Standard

Cost Recovery

The Cost Recovery Standard is not meant to recover all your indirect costs. It is an efficient way to avoid endless discussions with WWF Donors and, at the same time, it sets a reference through negotiations with external Donors (that might not agree with a rate at this level). The gap (when it happens) should be covered by unrestricted funds.

20. How to book the management fee?

It depends on the accounting system used by the office.

No matter what, the end result of the process should be the designation of the income generated by the management fee as unrestricted, but whether this requires the use of a clearing account differs according to the office's accounting approach.

If you wish to add a question to this document, please contact Martine Maquet at WWF International (mmaquet@wwfint.org).

Draft Cost Recovery Implementation Plan for NOs/POs

Action	Who	Time required	By When	Predecessor steps	Linked steps	Timing			Done	Examples of Tools	Comments
		(man days)				FY05	FY06				
						Q4	Q1	Q2			
	See Note 3					See Note 1			See Note 2	See Note 4	
A. Initial set-up											
1	Draft policy - methods to be used for:										
1.1	WWF International & NO funded programmes & projects	F&A Manager	2	Sep-05	None	4		x	√		See WWF Connect /Home/Documents/ Network Standards/ Operations/Finance and Administration/ Operational Standards and Recommended Best Practices/Cost Recovery
1.2	GAA funded programmes & projects (with inputs from GAA unit as necessary)	F&A Manager	2	Sep-05	None	4					The NOs/POs will have to decide on their own policies by reference to donor rules. It is recommended that they try to stay as close to the WWF International standard as possible
1.3	PS funded programmes & projects if different from 1.1 above	F&A Manager	1	Sep-05	None	4		x			See 1.2 above
2	Get agreement on policy from major stakeholders	F&A Manager	0.5	Sep-05	1.1 - 1.3	4 + 5		x			Done for 1.1
3	Draft memo to all staff concerned, including Gland and publish policies and overview of methodologies on Connect (see relevant address in Comments column)	F&A Manager	0.5	Sep-05	2	4 + 5		x			Connect address: Home > Documents > Network Standards > Operations > Finance and Administration > Operational Standards and Recommended Best Practices > 4. Cost Recovery (Network Standard)
4	Donor funding agreements:										
4.1	List funding agreements extending into FY06 & beyond by donor, separating NO sources and GAA/Other. Show budgeted amounts for each cost recovery type and indicate any restrictions.	F&A Manager/Project Coordinator/Programme Administrator	0.5	Sep-05	None			x		See Template # 1	

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required				Timing					
							FY05	FY06				
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments
		See Note 3					See Note 1			See Note 2	See Note 4	
4.2	List major funding agreements in the process of negotiation and which have a good chance of becoming secured funding and provide same split and data as for secured funding above.	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager/Programme Administrator/Contracts Administrator	0.5	Sep-05	None			x			See Template # 1	
4.3	Assess which funding agreements could be renegotiated (refer to 4.2 above to establish which funding agreements do not meet the minimum Cost Recovery requirements)	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager/Programme Administrator/Contracts Administrator	0.5	Sep-05	4.1			x			See Template # 1	
4.4	Renegotiate funding agreements (please note that WWF International's position is that such renegotiation should only take place at the donor's instigation)	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager/Programme Administrator/Contracts Administrator	5	Dec-05	4.3				x			
5	Draft process											
5.1	Direct cost recovery	F&A Manager (for overall process)										
5.1.1	Staff costs											
5.1.1.1	Make list of staff members concerned by the cost recovery process and define which method will apply to each staff member (see Annex 1 to the Cost Recovery standard)	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	0.5	Sep-05	4.1 + 4.2	All subsequent steps under 5.1.1 + 5.2 + 5.3		x				It has been agreed that certain positions can be shared under the "Common Cost" method (Cleaning Staff and Security Staff)

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required				Timing						
							FY05	FY06					
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments	
		See Note 3					See Note 1			See Note 2	See Note 4		
5.1.1.2	Agree on process for charging time (the two main methods used are "via a base project" or "direct charge to beneficiary projects")	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on step 5.1.1.1	Sep-05	4.1 + 4.2			x			Template # 2	The Standard specifies that "directly charged staff costs are based on actual staff time spent on the relevant project" (page 4) - hence, if you choose an estimation method, you should plan a process to ensure that regular reviews and adjustment are carried out.	
5.1.1.3	Agree on the elements to be included in the calculation of total staff costs	F&A Manager	Included in time spent on step 5.1.1.1	Sep-05	5.1.1.1 + 5.1.1.2			x					
5.1.1.4	Agree on the method for charging staff time spent in providing support to projects (on the basis of recorded time spent, on the basis of estimated time or on the basis of an agreed percentage - this will determine the need for time data collection. Whatever method is adopted, the result obtained should be the nearest approximation to actual that can be reasonably achieved.). In doing this you should not lose sight of the requirements per the standard.	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on step 5.1.1.1	Sep-05	4.1 + 4.2			x					
5.1.1.5	Agree on the basic "billing unit" (hour, day, etc)	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on step 5.1.1.1	Sep-05	5.1.1.4			x					
5.1.1.6	Calculate the number of "billing units" (actual hours/days worked in a year after adjustment for all forms of planned absence	F&A Manager	0.5	Sep-05	5.1.1.5			x				Template # 2	This is easier if it is the same as the period for which time data is collected - generally monthly
5.1.1.7	Calculate the cost per employee and per billing unit	F&A Manager										Template # 2	
5.1.1.8	Agree on the periodicity of the billing of time spent (monthly/quarterly)	F&A Manager	Included in time spent on step 5.1.1.6	Sep-05	5.1.1.5			x					

Draft Cost Recovery Implementation Plan for NOs/POs

Action	Who	Time required	By When	Predecessor steps	Linked steps	Timing			Done	Examples of Tools	Comments
		(man days)				FY05	FY06				
	See Note 3					Q4	Q1	Q2	See Note 2	See Note 4	
5.1.1.9 Decide on how time spent will be collected, approved, recorded and monitored	F&A Manager	Included in time spent on step 5.1.1.6	Sep-05	5.1.1.7	See "Tools" below		x			<p>Template # 3 for data collection, approval and support to recording</p> <p>*****</p> <p>An overview and monitoring tool is available for those POs/NOs that feel that they have the resources to implement this tool, but its use is not mandatory. Interested POs/NOs should contact the Finance Support Manager for Europe and Africa for further information.</p>	Template #3 is an example of a tool. A working group is being set up to propose a best practice tool for collecting time-tracking information and importing it into the financial system.
5.1.2 Non-staff costs											
5.1.2.1 On the basis of the current funding contracts, agree on which non-staff costs will require to be charged directly and to which projects.(see Annex 1 of the Cost Recovery standard)	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	0.5	Sep-05	4.1 + 4.2			x				
5.1.2.2 Insofar as it is possible, establish a standard basis by cost type for establishing the amount of direct cost that will be charged to those projects concerned	F&A Manager	Included in time spent on step 5.1.2.1	Sep-05	5.1.2.1			x				
5.1.2.3 If necessary, get donor acceptance of these bases.	F&A Manager	1	Sep-05	5.1.2.2			x				

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required			Timing						
			(man days)			By When	Predecessor steps	Linked steps				FY05
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments
		See Note 3					See Note 1			See Note 2	See Note 4	
5.1.2.4	Decide on whether these costs will be collected in the Core Project and then re-charged, or whether the charge can be made directly at the time of the underlying transaction. The choice of methodology may have an impact on how these costs are controlled at a more global level (e.g. vehicle costs are easier to control if they are first collected within the core where statistics on total cost per vehicle is easier to produce and to analyse)	F&A Manager	0.5	Sep-05	5.1.2.2			x				
5.1.2.5	Decide on the periodicity of the billing of non-staff costs (monthly/quarterly)	F&A Manager	Included in time spent on step 5.1.2.4	Sep-05	5.1.2.4			x				
5.1.2.6	Agree on how the amounts rebilled will be credited to the Core Expense Accounts (as a deduction to the expense account, in a separate account under the same nominal account number, under a separate income account for "Income from Direct Cost Recovery". The choice will again have an influence on how you control these costs and in particular how you ensure that costs are not charged out twice or for more than 100% of the annual total.	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on step 5.1.2.4	Sep-05	5.1.2.4			x				
5.2	Common costs											
5.2.1	Establish which costs will be shared under the common cost method	F&A Manager	1	Sep-05	5.1.1.1 + 5.1.2.1			x			Template # 4	
5.2.2	Agree which projects will participate in the common cost sharing system	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on 5.2.1	Sep-05	4.1 + 4.2			x			Template # 4	

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required				Timing						
							FY05	FY06					
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments	
		See Note 3					See Note 1			See Note 2	See Note 4		
5.2.3	Agree on how changes in the project portfolio (new projects, finished projects) will be incorporated	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on 5.2.1	Sep-05	4.1 + 4.2			x			Template # 4	Generally project additions are incorporated with effect from the date of start-up and closed projects from the contractual ending date. As these dates are often know ahead of time, it will often be possible to include them in budget common cost sharing tables.	
5.2.4	Agree on a sharing mechanism for each of the common costs	Head of Programme/Head of Conservation/Project Coordinator/F&A Manager	Included in time spent on 5.2.1	Sep-05	5.2.1 + 5.2.2			x					
5.2.5	Agree on how the costs will be collected and recorded	F&A Manager	Included in time spent on 5.2.1	Sep-05	5.2.4			x					The costs can either be charged directly to projects as they arise on the basis of the Common Costs Sharing Table or they can be collected within the core project and a global charge made monthly or even quarterly
5.2.6	Agree on how the amounts recharged to projects will be recorded	F&A Manager	Included in time spent on 5.2.1	Sep-05	5.2.5			x					The normal process is either to deduct the share billed out from each core cost OR credit this to a global common cost sharing account and to charge the cost to the same cost line in the project concerned (unless a different budget line has been agreed with the donor). It is not recommended to lump together different common costs in the project bearing the costs.
5.2.7	Agree on the periodicity of the sharing of common costs (by transaction, monthly, quarterly)	F&A Manager	Included in time spent on 5.2.1	Sep-05	5.2.5			x				See 5.2.5	

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required			Timing						
			(man days)			By When	Predecessor steps	Linked steps				FY05
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments
		See Note 3					See Note 1			See Note 2	See Note 4	
5.3	Management fee											
5.3.1	Establish list of donors who accept the principle of a management fee and applicable rates and calculation bases	F&A Manager/Programme Administrator/Contracts Administrator	0.5	Sep-05	4.1 or 4.4 if renegotiation of contract			x				
5.3.2	Verify and list costs to be recovered under Management Fee and ensure that there is no overlap or gap with other recovery processes	F&A Manager	Included in time spent on 5.3.1	Sep-05	All steps under 5.1 and 5.2			x			Template # 5	
5.3.3	Agree on how other sources of income will be treated in regard to funding of administrative costs (e.g. PO Levy, Interest Income, etc)	F&A Manager	Included in time spent on 5.3.1	Sep-05	None			x			Template # 5	
5.4	Draft a detailed procedure											
5.4.1	Bring all of the above elements together under a detailed procedure which will be included in the POs/NOs finance manual	F&A Manager	3	Oct-05	All steps through 5.3				x			
5.4.2	Get input from key stakeholders on draft detailed procedures	F&A Manager	0.5	Oct-05	5.4.1				x			
5.4.3	Finalize detailed procedures	F&A Manager	1	Oct-05	5.4.2				x			
5.4.4	Publish a summary of the cost recovery methods on the Project Database		0.5	Oct-05	5.4.3				x			
6	Accounting System											
6.1	Adapt the Chart of Accounts to the needs of the finalised processes above	F&A Manager	2	Oct-05	5.4.4				x			
6.2	Agree on how each cost recovery type will be recorded in the accounting records and document this in the Procedures Manual	F&A Manager	3	Oct-05	5.4.4				x			

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required				Timing						
							FY05	FY06					
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments	
		See Note 3					See Note 1			See Note 2	See Note 4		
7	Tools												
7.1	Identify tools needed for each process	F&A Manager	1	Oct-05	All steps through 6				x			You will find draft template proposals referred to in the "Tools" column. The templates are included with this pack. As these are proposals, they are offered for adaptation by Nos/Pos to meet their own requirements.	
7.2	Define functionalities of tools that are needed	F&A Manager	2	Oct-05	7.1				x				See comment above
7.3	Get agreement on functionalities from major stakeholders	F&A Manager	1	Oct-05	7.2				x				
7.4	Run process to select / adapt / develop tools	F&A Manager	10 - 15	Oct-05	7.3				x				
7.5	Test tools	F&A Manager	3	Oct-05	7.4				x				
8	Reporting												
8.1	Define reporting requirements for each cost recovery method:				7.5							It has been assumed here that there would be internal reports produced for each type of cost recovery method	
8.1.1	- Management fee	F&A Manager	0.5	Nov-05	7.5				x				
8.1.2	- Direct staff costs	F&A Manager	See 8.1.1	Nov-05	7.5				x				
8.1.3	- Direct non-staff costs	F&A Manager	See 8.1.1	Nov-05	7.5				x				
8.1.4	- Common costs	F&A Manager	See 8.1.1	Nov-05	7.5				x				
8.2	Draft report templates												

Draft Cost Recovery Implementation Plan for NOs/POs

							Timing					
			Time required				FY05	FY06				
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments
		See Note 3					See Note 1			See Note 2	See Note 4	
8.2.1	- Management fee	F&A Manager	2	Nov-05	7.5				x			
8.2.2	- Direct staff costs	F&A Manager	See 8.2.1	Nov-05	7.5				x			
8.2.3	- Direct non-staff costs	F&A Manager	See 8.2.1	Nov-05	7.5				x			
8.2.4	- Common costs	F&A Manager	See 8.2.1	Nov-05	7.5				x			
8.3	Get agreement from key stakeholders on draft report templates	F&A Manager	0.5	Nov-05	7.5				x			
8.4	Develop reports	F&A Manager	3	Nov-05	8.1 - 8.3				x			
8.5	Test reports	F&A Manager	2	Nov-05	8.4				x			
9	Overview											
9.1	Draft overview of process for ongoing monitoring of each cost recovery method:(the results of this will contribute in part to the Annual Review in B below) (budgets, actuals, reporting, analysis)	F&A Manager	1	Nov-05	7.5				x			
9.1.1	- Management fee	F&A Manager	See 9.1	See 9.1	7.5				x			
9.1.2	- Direct staff costs	F&A Manager	See 9.1	See 9.1	7.5				x			
9.1.3	- Direct non-staff costs	F&A Manager	See 9.1	See 9.1	7.5				x			
9.1.4	- Common costs	F&A Manager	See 9.1	See 9.1	7.5				x			
9.2	Get agreement on overview of process for each cost recovery method from major stakeholders	F&A Manager	0.5	Nov-05	9.1				x			

Draft Cost Recovery Implementation Plan for NOs/POs

			Time required				Timing					
							FY05	FY06				
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments
		See Note 3					See Note 1			See Note 2	See Note 4	
10	Training											
10.1	Train F&A and Programme staff on detailed procedures	F&A Manager	2	Nov-05	9				x			
10.1.1	- Management fee	F&A Manager	See 10.1	See 10.1	9				x			
10.1.2	- Direct staff costs	F&A Manager	See 10.1	See 10.1	9				x			
10.1.3	- Direct non-staff costs	F&A Manager	See 10.1	See 10.1	9				x			
10.1.4	- Common costs	F&A Manager	See 10.1	See 10.1	9				x			
10.2	Train all staff on use of time sheets	F&A Manager	See 10.1	See 10.1	9				x			
<u>B. Annual review of tools and criteria</u>												
1	Assess appropriateness of key elements in each cost recovery method, including tools, reports and overview processes	F&A Manager		August								All changes would be effective retrospectively from July 1
1.1	Management fee	F&A Manager		August								
1.2	Direct staff costs	F&A Manager		August								
1.3	Direct non-staff costs	F&A Manager		August								
1.4	Common costs	F&A Manager		August								
2	Adapt key elements as required	F&A Manager		August								
												The intention of the standard is to encourage NOs/POs to minimise the changes to the system and to positively discourage "strategic changes" to suit the results. Such changes should therefore only be considered when they are absolutely necessary.

Draft Cost Recovery Implementation Plan for NOs/POs

						Timing						
			Time required			FY05	FY06					
Action		Who	(man days)	By When	Predecessor steps	Linked steps	Q4	Q1	Q2	Done	Examples of Tools	Comments
		See Note 3					See Note 1			See Note 2	See Note 4	
2.1	Management fee	F&A Manager		August								
2.2	Direct staff costs	F&A Manager		August								
2.3	Direct non-staff costs	F&A Manager		August								
2.4	Common costs	F&A Manager		August								
3	Where the management fee requires to be adjusted beyond the accepted level, introduce a claim under the exception procedure per the standard	F&A Manager		August								
4	Adapt chart of accounts to new circumstances	F&A Manager		August								
5	Revise the procedure in the local finance manual	F&A Manager		August								
6	Update entry on Connect	F&A Manager		August								See Connect address per A.3

NOTES:

- "x" indicates period in which the step should be completed
- √ = step completed
- "Who" refers to the person(s) participating in the decision-making process. They may delegate some or all of the steps in certain parts of the process, but will still retain overall responsibility.
- Templates are referenced to the Template spreadsheet annexed to the 26-Aug-05 memo (Annex B2) and can also be found on Connect.

Symbols

x

√

COST RECOVERY IMPLEMENTATION PLAN

PROPOSED TEMPLATE FOR PROJECT LISTING (STEPS 4.1, 4.2 & 4.3)

PROGRAMME:

CURRENCY:

Project No.	Project Name	Total Budget	Funding sources	Location	Duration	Start Date	End Date	Funding Status	Cost Recovery Status
	A. NO Donors								
	B. GAA Donors								
	C. Other Donors								
	TOTAL								

WWF OPERATIONAL NETWORK STANDARD

December 2009 and October 2010 updates highlighted in blue in the text

TIME SHEETS

1. Introduction

Time sheets are the only tool used to document time charged by WWF employees.

Time sheets are to be used for the purpose of increasing reporting transparency to Donors by accurately distributing staff time by project. Some implementing offices also use time sheets as the supporting documentation illustrating that a service has been provided.

Time sheets can also be used to accurately track and account for annual and sick leaves, as well as other absences. **To the extent possible, the use of time sheets is recommended for all employees for good internal controls.**

Provided that the time sheet is adequately filled in by the staff member, its contents would be used for resource allocation decisions, negotiations with donors linked to staff time and, consequently, project budgets.

2. Tools

Time sheets examples from the WWF Network are provided on [WWF Intranet](#). These templates may be used or customized by WWF offices as long as the principles described below are respected.

Please click on the following link if you wish to access this standard and its examples on [WWF Intranet](#): <https://sites.google.com/a/wwf.panda.org/ons>

WWF Operational Network Standard

Time sheets

3. Standard's Principles

- 3.1. Time sheets are to be filled in by ALL employees, particularly if they are:
- Billable by **at least** one project, or
 - Billable to a project whose Donor requires time sheets, or
 - Whose position would allow overtime compensation.
- 3.2. Time sheets should show a distribution of the time spent among projects. Finance staff can then proportionally distribute time spent per project among the project's donors, when required.
- 3.3. Time sheets have to contain:
- Information on staff member (name and job title)
 - Working period (**week, month**)
 - Number and title of relevant projects
 - Signatures of staff member + his/her direct supervisor¹
 - Due date for submission to supervisor and Finance department as well as a clear statement of consequences in case of non compliance.
 - Who to contact in case of potential issues (e.g. contact details of a person or a department).
- 3.4. Although time sheets can be filled in by a third party on behalf of the staff member (e.g. his/her assistant), the final responsibility for its accuracy stays with the staff member to which the time sheet is referring to. Every time sheet must be signed by the staff member or must contain an electronic approval from him/her.
- 3.5. Time sheets should be approved by **relevant** Project Executants; it is also recommended that Project Executants review project budgets versus actual hours spent on a timely basis².
- 3.6. Time sheets must be submitted to the Finance department² for data processing, at least monthly.
- 3.7. Staff time should be reported on an hourly, a daily or a percentage basis, as appropriate³.

¹ **Signatures can be appended electronically**

² Deadline to be defined by each Implementing Office

³ The total number of hours reported in the timesheet should not exceed the Implementing Office's official working hours per day, week or month, **unless overtime compensation is allowed in the office**.

WWF Operational Network Standard

Time sheets

- 3.8. Staff time which cannot be easily related to a specific project (e.g. strategic development meeting, training, etc.) should be proportionally allocated to all his/her projects of the current month, as allowable.
- 3.9. Time sheets are a basis for salary allocation. There should not be any salary allocation without a time sheet corroborating staff time spent per project. The only exception is when the staff member is working for only one project.
- 3.10. Any leave or official holidays should be tracked in the time sheet and highlighted as such so they can be paid according to the local compensation policy.

4. Recommendations:

- 4.1. In order not to loose track of activities completed, time sheets should be filled in every day.
- 4.2. To the extent possible, the employee should be able to justify/explain the time charged to a given project - i.e. keep track in a diary (manual or electronic) the [activities completed per project](#).

If you have any further questions or wish to share comments, please contact:

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WWF OPERATIONAL NETWORK STANDARD

October 2010 updates highlighted in blue in the text

March 2011 updates highlighted in red in the text

FINANCIAL REPORTING STANDARD

1. Background

Since 2003, the form “R3” has been used as the standard internal financial report form by the WWF Network. Its extensive use brought feedback and requests for improvement from both Donor and Implementing offices. In 2009, the Operational Standards Group decided to appoint a group of key WWF staff members to work on:

- A simplified form based on funding agreement - not project;
- A new report for a **project expenditure consolidated** view, to be applied in addition to the **R3F** form in cases where a project is funded by multiple donors **or when a funding agreement is funding several projects**.

The “R3 working group” made a recommendation which has been approved by the Operational Standard Group in January 2010. This standard reflects what has been endorsed.

2. Objectives, Scope and Timing

a. Objectives:

- To ensure consistency across the WWF Network by providing standard method and tools for internal financial reporting;
- To provide clear guidelines on the WWF internal financial reporting process.
- To provide simplified tools accepted by the WWF donors’ community;

WWF Operational Network Standard

Financial Reporting

b. Scope:

All WWF entities receiving funds directly from another WWF entity must prepare financial reports [using the WWF standard templates provided in this standard](#).

Financial reports to external donors¹ [should](#) also be prepared in this format unless the external donor expressly does not accept it.

c. Timing:

The new R3 financial report forms will become mandatory from the **1st of July 2011 (FY12)**.

3. Standard

a. What reports need to be produced by Implementing Offices?

The Network standard requests implementing offices to produce two types of reports:

- A **quarterly financial report (“R3F”)**, based on signed Funding Agreement, including the following information:
 - o **R3F – Funding Agreement’s Income & Expenditure Report**: Opening Balance + Income (cash) + Expenditure (accrual) figures (incl. Budget, Forecast, Actuals, and FX rates);
 - o **Notes to the R3F**: forecast vs budget variance analysis and explanations;
 - o **Q3 Income & Expenditure Full Term Forecast**²: over 5 financial years;
 - o **Funding Agreement Multi-Year Summary Report**: in agreement currency; this is applicable only to grants that are starting in FY11 and future years;
 - o **Cash Flow Analysis and Cash Request**: optional form. This is applicable only to projects funded by WWF-US.

Focus: cash management between Implementer and Donor.

- A **six-monthly consolidated project expenditure report (“R3P”)**, providing project’s accrued expenditure information by Donor and by GL code.

Focus: overall project status.

¹ Non-WWF entities (e.g. GAA, foundations, corporations, individuals, etc.)

² This form is now fully integrated to the [R3F](#) and must be prepared at the end of Q3 each financial year

WWF Operational Network Standard

Financial Reporting

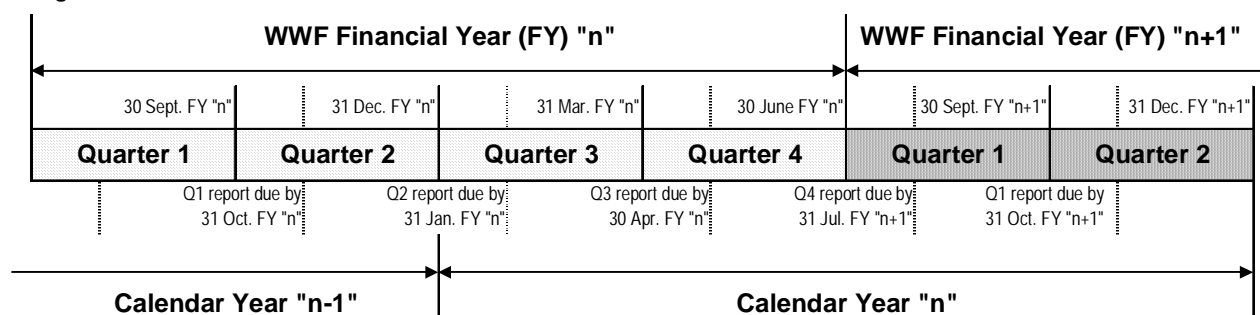
b. When to issue these reports?

- **R3F**: every time a WWF office funds one or several projects or a programme hosted by another WWF office, the latter must prepare quarterly financial reports per signed Funding Agreement³ & ⁴.

The **R3F** report is due thirty (30) days after the closing of the quarter. For example, when a report is due for Quarter 2 FY "n" (see Fig. 1 below), the Implementing office has until the 31st of January FY "n" to prepare it and send it by email to the WWF Donor.

***NB**: when the R3P is not required (see **NB** in Annex 5, paragraph 1), the R3F is the only report produced and it should be submitted via the WWF Project Database under the relevant project number.*

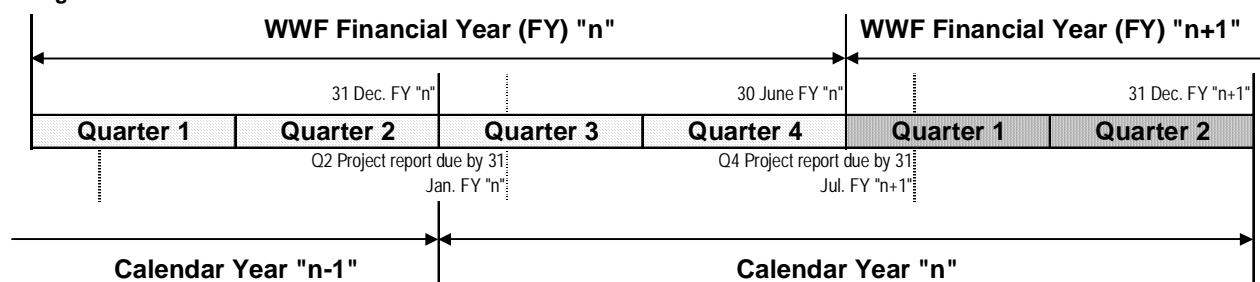
Fig. 1



- **R3P**: every time a hosted project is funded by **more than one donor**, Implementing offices must prepare a six-monthly project expenditure report, and it should be attached to the Technical Progress Report and uploaded to the WWF Project Database.

The **R3P** is due thirty (30) days after the semester's closing (i.e. at quarter 2 and quarter 4 of a given financial year). For example, when a report is due for Quarter 4 FY "n" (see Fig. 2 below), the Implementing office has until the 31st of July FY "n+1" to prepare it and send it to the WWF Donor.

Fig. 2



³ This is a significant change: **R3F** report is not based on projects anymore but on funding agreements

⁴ Also called "Award" in the Oracle system

c. How to fill in these reports?

- **R3F**: please refer to the guidelines in [Annex 4](#).
- **R3P**: please refer to the guidelines in [Annex 5](#).

4. Responsibilities

a. WWF Implementing Office:

WWF Implementing offices are responsible to provide WWF Donors with accurate financial information through the “**R3**” reports in a timely manner. These reports being produced in local operating currency (*except for “Funding Agreement Multi-Year Summary Report” (Tab #2) and “Cash Flow Analysis and Cash Request” (Tab #5)*), Implementing offices are also responsible for the calculation of the quarterly weighted average exchange rate to allow Donors to convert reports into their own currency⁵.

- *Finance Staff*: prepares **R3F** and **R3P** with actual figures.
- *Project Leader*: prepares, together with Finance Staff, **R3F** and **R3P** reports with budget and forecast figures + explanations to potential variances between forecast and budget.

b. WWF Donor Office:

WWF Donor offices are responsible to provide WWF Implementers with accurate funding information via the signed funding agreement; this includes also the funding currency⁶, the schedule of payments as well as the Primary Donor’s conditions.

If not already answered in the “Notes to the **R3F**”, all questions related to the reported financial data must be clearly formulated by the WWF Donor to the staff member responsible for the report, and all answers must be given in a timely manner and dully documented if necessary.

⁵ Please refer to the [Foreign Exchange Translation Network Standard](#) for more details

⁶ Please refer to the [Management of Foreign Exchange Risk Recommended Best Practice](#) for more details

5. Tools

This standard provides two mandatory templates for the Network users: the [R3F](#) and the [R3P](#). A copy of these forms is available respectively in [Annex 1](#) and [Annex 2](#).

Original forms can be uploaded from WWF Intranet by clicking on this [link](#).

6. Annexes

Annex 1: [R3F](#) Report form (Excel format - 5 worksheets)

- a) [R3F](#) - Funding Agreement's Income & Expenditure Report
- b) Notes to the [R3F](#)
- c) Q3 Income & Expenditure Full Term Forecast
- d) Funding Agreement Multi-Year Summary Report
- e) Cash Flow Analysis and Cash Request

Annex 2: [R3P](#) form (Excel format – 1 worksheet)

Annex 3: Table of Financial Reporting Cycle

Annex 4: Step by step guidelines to fill in the R3F

Annex 5: Step by step guidelines to fill in the R3P

If you have any further questions or wish to share comments, please contact:

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WWF Operational Network Standard

Financial Reporting

ANNEX 1a - "R3F" Report – Tab No 1:

R3F – Funding Agreement's Income & Expenditure Report

FUNDING AGREEMENT'S INCOME & EXPENDITURE REPORT				R3F			
Report prepared by:	[Name of relevant Project Leader(s) and Finance Staff]						
Date:	[Date of issue]						Please fill in the cells in RED
Office:	[WWF Office name]						
For the period ending:	[Q1 (Jul-Sep), Q2 (Oct-Dec), Q3 (Jan-Mar), Q4 (May-Jun)]						
Funding Agreement #:	[Reference Number of Agreement and Oracle Award]					In:	[Cur]
Financial Year:	[FY n]						
Account Code		ESTIMATES		ACTUALS			
		[FY n] Budget (*)	[FY n] Forecast	Previously Reported YTD Actuals	This Quarter Actuals	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals
	A - OPENING BALANCE - 1 July 20xx	0	0	0	0	0	0
Income = Cash Received = Revenue Account (4xxx) Minus Revenue Receivable (1xxx)	INCOME (Cash Received)						
	Donor's name	0	0	0	0	0	0
	Other Income (e.g. FX gain/loss, Bank Interest)	0	0	0	0	0	0
	B - TOTAL INCOME	0	0	0	0	0	0
	C - TOTAL INCOME + OPENING BALANCE	0	0	0	0	0	0
	EXPENDITURE BY GL CODE (Accrued)						
50xx	Staff costs	0	0	0	0	0	0
51xx	Third party fees	0	0	0	0	0	0
52xx	Other grants & agreements	0	0	0	0	0	0
53xx	Travel & Subsistence	0	0	0	0	0	0
54xx	Communications & fundraising costs	0	0	0	0	0	0
55xx	Meeting & Training costs + Discretionary/Contingency	0	0	0	0	0	0
56xx	Office running costs	0	0	0	0	0	0
57xx	Field running costs	0	0	0	0	0	0
58xx	Capital asset costs	0	0	0	0	0	0
	Subtotal Expenditure:	0	0	0	0	0	0
5900 to 5949	Management costs (Network Std = 12.5%)	0	0	0	0	0	0
60xx	Funding to WWF Network	0	0	0	0	0	0
	D - TOTAL EXPENDITURE	0	0	0	0	0	0
	E - PERMANENT TRANSFERS FROM (TO) OTHER PROJECT(S)	0	0	0	0	0	0
	F - CLOSING BALANCE (C-D+E)	0	0	0	0	0	0
(*) Latest Budget Approved by Donor							
				Exchange Rates			
Donor's name				Opening Balance Rate	Actual Weighted Average	Budget Rate	Income Forecast Rate
0	A - Opening Balance			0.00000	0.00000	0.00000	0.00000
0	F - Closing Balance	Donor's name		0.00000	0.00000	0.00000	0.00000

WWF Operational Network Standard

Financial Reporting

ANNEX 1a (cont'd) - "R3F" Report – Tab No 1:

R3F – Funding Agreement's Income & Expenditure Report (cont'd)

NB: this table is a tool, it should not be printed				
CALCULATION OF WEIGHTED AVERAGE EXCHANGE RATE	ACTUALS			
	Income reported in Funding Currency [Agreement Cur.]	Income reported in Local Operating Currency [Cur]	Actual Rate used for conversion	Calculated Weighted Average Rate
Date at which the income has been converted				
Opening Balance 1st July	-	-	0.00000	0.00000
1	-	-	0.00000	0.00000
2	-	-	0.00000	0.00000
3	-	-	0.00000	0.00000
4	-	-	0.00000	0.00000
5	-	-	0.00000	0.00000
6	-	-	0.00000	0.00000
7	-	-	0.00000	0.00000
8	-	-	0.00000	0.00000
9	-	-	0.00000	0.00000
10	-	-	0.00000	0.00000
11	-	-	0.00000	0.00000
12	-	-	0.00000	0.00000
Total (including opening balance)	-	-		
Total net of opening balance	-	-		

NB: this table is only a tool to help users to calculate the average weighted average each quarter. It appears at the right side of the R3F in the Excel worksheet. It should not be printed or added to any document.

WWF Operational Network Standard

Financial Reporting

ANNEX 1b - "R3F" Report – Tab No 2:

Notes to the R3F

Notes to the R3F

INCOME & EXPENDITURE REPORT - [FY n] [Q1 (Jul-Sep), Q2 (Oct-Dec), Q3 (Jan-Mar), Q4 (May-Jun)]

Report prepared by: [Name of Project Leader and Finance Staff]

Date: [Date of issue]

Office: [WWF Office name]

Funding Agreement #: [Reference Number of Agreement and Oracle Award]

Currency: [Cur]

**PLEASE FILL IN
THE PARTS IN
RED**

	Budget [FY n]	Forecast [FY n]	Forecast minus Budget	Forecast as %age of Budget	YTD as %age of Forecast	(y/e only) YTD as %age of Q3 forecast	Comments on Forecast vs Budget (make sure to also consider the Actuals vs. Plan when providing your comments)
A - OPENING BALANCE	0	0	0			[Add formula]	[Add comment]
B - TOTAL INCOME	0	0	0			[Add formula]	[Add comment]
EXPENDITURE							
Staff costs	0	0	0			[Add formula]	[Add comment]
Third party fees	0	0	0			[Add formula]	[Add comment]
Other grants & agreements	0	0	0			[Add formula]	[Add comment]
Travel & Subsistence	0	0	0			[Add formula]	[Add comment]
Communications & fundraising costs	0	0	0			[Add formula]	[Add comment]
Meeting & Training costs + Discretionary/	0	0	0			[Add formula]	[Add comment]
Office running costs	0	0	0			[Add formula]	[Add comment]
Field running costs	0	0	0			[Add formula]	[Add comment]
Capital asset costs	0	0	0			[Add formula]	[Add comment]
Subtotal Expenditure:	0	0	0				
Management costs	0	0	0			[Add formula]	[Add comment]
Funding to WWF Network	0	0	0			[Add formula]	[Add comment]
D - TOTAL EXPENDITURE	0	0	0				[Add comment]
E - PERMANENT TRANSFERS FROM (TO) OTHER PROJECT(S)	0	0	0				[Add comment]
NET SURPLUS (DEFICIT) (A + B - D)	0	0	0				[Add comment]

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ANNEX 1c - "R3F" Report – Tab No 3:

Q3 Income & Expenditure Full Term Forecast

INCOME & EXPENDITURE - FULL TERM FORECAST AS AT Q3

PLEASE FILL IN THE PARTS IN RED

Report prepared by: [Name of Project Leader and Finance Staff]
 Name of WWF Office: [Date of issue]
 Agreement #: [Reference Number of Agreement and Oracle Award]
 As at: [latest 30 April FYn]
 In Reporting Currency: [Cur]
 Financial Year: [FY n]

**To fill in at
Q3 only!**

Account Code		PRIOR YEARS	CURRENT AND NEXT FY		FOLLOWING YEARS		TOTAL	
		[FY n-1] Actuals	[FY n] Forecast at Q3	[FY n+1] Budget	[FY n+2] Budget	[FY n+3] Budget	Current Full Term Forecast	Initial Full Term Budget
	A - OPENING BALANCE - 1st July	0.00	0.00	0.00	0.00	0.00		0.00
	INCOME							
4300.3524	Donor's name	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	B - TOTAL INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	EXPENDITURES							
	EXPENDITURES BY GL CODE							
50xx	Staff costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
51xx	Third party fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
52xx	Other grants & agreements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
53xx	Travel & Subsistence	0.00	0.00	0.00	0.00	0.00	0.00	0.00
54xx	Communications & fundraising costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55xx	Meeting & Training costs + Discretionary/Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56xx	Office running costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
57xx	Field running costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
58xx	Capital asset costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Subtotal Expenditure:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5900 to 5949	Management costs (Network Standard: 12.5%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60xx	Funding to WWF Network	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	C - TOTAL EXPENDITURE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E - PERMANENT TRANSFERS FROM (TO) OTHER PROJECT(S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	NET SURPLUS (DEFICIT) = A + B - C	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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ANNEX 1d - "R3F" Report – Tab No 4:

Funding Agreement Multi-Year Summary Report

FUNDING AGREEMENT MULTI-YEAR SUMMARY REPORT BY PROJECT

PLEASE FILL IN THE PARTS IN RED & BLUE

INCOME & EXPENDITURE REPORT - [FY n]

Report prepared by: [Name of Project Leader and Finance Staff]

Date: [Date of issue]

Office: [WWF Office name]

Project/ Agmt #: [Reference Number of Agreement and Oracle Award]

For Period Ending: Quarter 4 - [FY n]

Funding Agreement Currency: [Agreement Currency]

Total Multi-Year Expense Budget (BLUE cells) must be extracted from Donor Agreement Budget.

All cells highlighted in RED need to be filled in manually each year with last years info.

Those cells in BLACK font contain formulas and calculate automatically

Actual Weighted Average at the End of each FY	[FY n-4]	[FY n-3]	[FY n-2]	[FY n-1]	[FY n]
[Cur]	0.0000	0.0000	0.0000	0.0000	0.0000

To fill in at Q4 only!	Donor Agreement Currency (i.e., EUR)	TOTAL Multi-Year Expense Budget (A)	Total Reported Expenses in FY n-4* (B)	Total Reported Expenses in FY n-3* (C)	Total Reported Expenses in FY n-2* (D)	Total Reported Expenses in FY n-1* (E)	Total Reported Expenses in FY n* (F)	Agreement - to - Date Expenditures (G) = (B+C+D+E+F)	Balance to be Spent in Future Years in Agmt Currency (A-G)	Comments
TOTAL EXPENDITURE										
WWF - Project #...	[Agreement Currency]	0	0	0	0	0	0	0	0	[Add comment]
WWF - Project #...	[Agreement Currency]	0	0	0	0	0	0	0	0	[Add comment]
WWF - Project #...	[Agreement Currency]	0	0	0	0	0	0	0	0	[Add comment]
TOTAL FUNDING AGREEMENT	Agreement Currency	0	0	0	0	0	0	0	0	

* These Total Reported Amounts must match total yearly amount in Agreement Currency reported in Quarter 4 of relevant Fiscal Year, using the Actual Weighted Average Exchange Rate in Quarter 4.

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ANNEX 1e - "R3F" Report – Tab No 5: *Cash Flow Analysis and Cash Request*

Cash Flow Analysis and Cash Request

Report prepared by: [Name of Project Leader and Finance Staff]

Date: [Date of issue]

Financial Year: [FY n]

Office: [WWF Office name]

Quarter: [Q1 (Jul-Sep), Q2 (Oct-Dec), Q3 (Jan-Mar), Q4 (May-Jun)]

Funding Agreement: [Reference Number of Agreement and Oracle Award]

Report's currency: [Agreement Currency]

**Please fill in the
cells in RED**

	Line	[Agreement Currency]
Fund Remaining from Previous Quarter	1	0.00
PLUS: Funds Received this Quarter from WWF Donor (in Agmt Currency)	2	0.00
Date	3	0.00
Date		
Subtotal of Funds received this Quarter (2 plus 3)	4	0.00
Funds Available for Current Quarter (1 plus 4)	5	0.00
LESS: Total Expenditures this Quarter (linked to p. 1)	6	0.00
Funds Remaining at the End of Current Quarter (5 less 6)	7	0.00
Anticipated Expenses for Following Quarter (Projected)	8	0.00
2 months cushion	9	0.00
Funds Requested for Following Quarter	10	0.00

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ANNEX 2 - Project Expenditure Report

PROJECT EXPENDITURE REPORT

Please fill in the cells in **RED**

R3P

Report prepared by: [Name of Project Leader and Finance Staff]

Date: [Date of issue]

Office: [WWF Office name]

For the period ending: [S1 (Jul-Dec) or S2 (Jan-Jun)]

Project & Agreements/Awards #: [Project #] + [Agr./Awards #]

Financial Year : [FY n]

Currency: [Enter local currency]

Exchange Rates			
Actual Weighted Average	Forecast Rate	Budget Rate	Donor's Name / Currency
0.0000	0.0000	0.0000	Donor 1 Curr
0.0000	0.0000	0.0000	Donor 2 Curr
0.0000	0.0000	0.0000	Donor 3 Curr
0.0000	0.0000	0.0000	Donor 4 Curr

Expenditure amounts reported on accrual basis	ESTIMATES			ACTUALS			Comments/Explanations
	[FY n] Budget	[FY n] Forecast	% of Budget per Donor	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals	% of Expenses by Donor	
PROJECT EXPENDITURES BY DONOR							
WWF International (PO levy)	0	0	#DIV/0!	0	0	#DIV/0!	
WWF International (other than PO levy)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
Other WWF	0	0	#DIV/0!	0	0	#DIV/0!	
GAA (one line per GAA)	0	0	#DIV/0!	0	0	#DIV/0!	
GAA (one line per GAA)	0	0	#DIV/0!	0	0	#DIV/0!	
Other Direct Donations	0	0	#DIV/0!	0	0	#DIV/0!	
Other Income	0	0	#DIV/0!	0	0	#DIV/0!	
A - TOTAL PROJECT EXPENDITURES BY DONOR	0	0	#DIV/0!	0	0	#DIV/0!	

PROJECT EXPENDITURES BY EXPENSE CATEGORY							
Staff costs	0	0	#DIV/0!	0	0	#DIV/0!	
Third party fees	0	0	#DIV/0!	0	0	#DIV/0!	
Other grants & agreements	0	0	#DIV/0!	0	0	#DIV/0!	
Travel & Subsistence	0	0	#DIV/0!	0	0	#DIV/0!	
Communications & fundraising costs	0	0	#DIV/0!	0	0	#DIV/0!	
Meeting & Training costs + Discretionary/Contingency	0	0	#DIV/0!	0	0	#DIV/0!	
Office running costs	0	0	#DIV/0!	0	0	#DIV/0!	
Field running costs	0	0	#DIV/0!	0	0	#DIV/0!	
Capital asset costs	0	0	#DIV/0!	0	0	#DIV/0!	
Subtotal Expenditure:	0	0	#DIV/0!	0	0	#DIV/0!	
Management costs (Network Std = 12.5%)	0	0	#DIV/0!	0	0	#DIV/0!	
Funding to WWF Network	0	0	#DIV/0!	0	0	#DIV/0!	
B - TOTAL PROJECT EXPENDITURES BY GL CODE	0	0	#DIV/0!	0	0	#DIV/0!	

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ANNEX 3 – Table of Financial Reporting Cycle:

Quarter (Q?)	Period	FINANCIAL REPORTING			TECHNICAL REPORTING		
		Information Type	Template	Deadline	Information Type	Format	Deadline
Q1 reporting	Jul-Sep	Tab 1: Actuals at Q1 + Tab 2: Variance analysis: forecast Q1 vs Budget (if any) Tab 5: Cash Analysis and Cash Request (optional – as requested by Donor)	R3F	31 October	n/a	n/a	n/a
Q2 reporting	Oct-Dec	Tab 1: 6 months Actuals + Financial Year End Forecast	R3F	31 January	6 months Technical Progress Report ("TPR")	Standard TPR	31 January
		Tab 2: Variance analysis: forecast at Q2 vs Budget					
		Tab 5: Cash Analysis and Cash Request (optional – as requested by Donor)					
		Project Report by Donor and GL code	R3P				
Q3* reporting	Jan-Mar	Tab 1: 9 months Actuals + Financial Year End Forecast	R3F	30 April	Workplan next Financial Year	See Annex 3 of the Project Proposal	30 April
		Tab 2: Variance analysis: year-end forecast at Q3 vs y-e forecast at Q2					
		Tab 3: Full Term Forecast & Variance analysis current FTF vs previous					
		Tab 5: Cash Analysis and Cash Request (optional – as requested by Donor)					
Q4 reporting	Apr-Jun	Tab 1: FY Actuals + Tab 2: Variance analysis: actuals at Q4 vs Budget/Forecast	R3F	31 July	12 months TPR		31 July
		Tab 4: Multi-Year Summary Report by Funding Agreement					
		Tab 5: Cash Analysis and Cash Request (optional – as requested by Donor)					
		Project Report by Donor and GL code	R3P				

* = at the end of Q3 (31st March), NO Donors must submit to Project Implementers their "indication of interest" for the following financial year

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ANNEX 4 - Step by step guidelines to fill in the R3F:

1. Introduction:

The former R3 format has been reviewed in January 2010 and is now based on **Funding Agreement** (or “Award”), not project. It contains 5 worksheets (“tabs”), as follows:

- **Tab 1:** *R3F – Funding Agreement’s Income & Expenditure Report;*
- **Tab 2:** *Notes to the R3F;*
- **Tab 3:** *Q3 Income & Expenditure Full Term Forecast;*
- **Tab 4:** *Funding Agreement Multi-Year Summary Report;*
- **Tab 5:** *Cash Flow Analysis and Cash Request.*

In addition to showing the financial status of the Funding Agreement, the Implementing and Donor offices use this form as a cash management tool: income is reported on cash basis and expenses – although on accrual basis – are very close to cash since, in many countries, payments are done before goods are received or do not extend to over 30 days.

2. Tab 1 – Funding Agreement’s Income & Expenditure Report:

As a general rule, all cells highlighted in red in the form must be filled out manually. The information at the top of the form is important, do not skip it!

FUNDING AGREEMENT'S INCOME & EXPENDITURE REPORT		R3F
Report prepared by:	[Name of Project Leader and Finance Staff]	<div style="background-color: yellow; border: 1px solid black; padding: 5px; text-align: center;"> Please fill in the cells in RED </div> <div style="border: 2px solid blue; border-radius: 50%; width: 100px; height: 40px; display: flex; align-items: center; justify-content: center; margin-top: 10px;"> In: [Cur] </div>
Date:	[Date of issue]	
Office:	[WWF Office name]	
For the period ending:	[Q1 (Jul-Sep), Q2 (Oct-Dec), Q3 (Jan-Mar), Q4 (May-Jun)]	
Funding Agreement #:	[Reference Number of Agreement and Oracle Award]	
Financial Year:	[FY n]	

“Report prepared by”: Type names of finance staff + relevant Project Leaders or Funding Agreement Administrator.

“Date”: Date at which the report is issued (any date during the month following the closing of the quarter reported).

“Office”: Name of reporting implementing office.

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“For the period ending”:

3-month period the report is referring to.

“Funding Agreement + Oracle Award #

(+ Project # if required)

Reference number of the signed funding agreement and, for offices using the Oracle financial system, the “Award” number.

NB: when the R3P is not required (see NB in Annex 5, paragraph 1), the project number should also appear in this section.

“FY n”:

Current financial year.

“Enter Local Currency”⁷: the R3F is issued in the **Implementing Office’s operating currency**⁷.

a. Income Section

Account Code		1 ESTIMATES 2		3 4 ACTUALS X Y			
		[FY n] Budget (*)	[FY n] Forecast	Previously Reported YTD Actuals	This Quarter Actuals	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals
Income = Cash Received = Revenue Account (4xxx) Minus Revenue Receivable (1xxx)	A - OPENING BALANCE - 1 July 20xx	0	0	0	0	0	0
	INCOME (Cash Received)	0	0	0	0	0	0
	Donor's name	0	0	0	0	0	0
	B - TOTAL INCOME	0	0	0	0	0	0
	C - TOTAL INCOME + OPENING BALANCE	0	0	0	0	0	0

The two left-hand columns of the R3F under “Estimates” are headed respectively **Budget** and **Forecast**.

➤ Budget (No 1 in the above picture)

- The Budget displayed in this column is the “Latest Donor Approved Budget”, i.e. the latest signed contractual funding.

Important Note: Implementers can (and should) negotiate approval of a new budget whenever a major change arises - i.e.: **no timetable for submitting new budgets for current year.**

➤ Forecast (No 2)

What is expected here is the latest forecast for the current Financial Year (see definition below).

⁷ Either local currency or a hard currency in which the funds are booked.

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NB: where no Forecast has been prepared (e.g. Q1) the Budget will be displayed in this column as well.

Definition of Forecast: a projection of the financial results of an organization, covering a reporting period, usually a financial year. A forecast is usually compiled using actual figures for the period from the start of the period to the date of the forecast, plus an estimate of the figures for the period from the date of the forecast to the end of the reporting period.

I.e.: FORECAST FOR FY = ACTUALS TO DATE + ESTIMATE TO THE END OF FY

➤ Previously YTD Actuals (No 3)

This column should present the same figures reported in the column X (Year-to-date actuals) of the previous quarterly financial report. At quarter one (Q1), this column remains empty.

➤ This Quarter Actuals (No 4)

In this column should be reported the actual income and expenditure of the quarter reported.

Important Note: the Income line must reflect amounts on cash basis (i.e. when the income is recognized strictly according to when cash is received). The cash basis of accounting does not recognize promises to pay, or expectations to receive cash in the future, for example receivables.

➤ Opening Balance (No 5)

The reported financial year has to be updated manually.

At Q1, the opening balance appears in "This Quarter Actuals". From Q2, the opening balance must only appear under column 3 ("Previously Reported YTD actuals").

- **Budget Opening Balance (No 7) and Forecast Opening Balance (No 8) = R3F "FY n-1" YTD Closing Balance.**

➤ Donor's name (No 6)

This section contains only one line since the R3F is based on Funding Agreement and not project. The name of the donor should be the name of the WWF office funding the reporting office. The name of the Primary Donor¹ can appear between brackets after the name of the WWF office if needed.

- **Budget Income (No 9) = Amount secured through signed "FY n" Funding Agreement + Agreed Donor Carry Forward (if any) from "FY n-1".**

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NB: Agreed Donor Carry Forward "FY n-1" = amount committed by Donor to Implementer in "FY n-1" (Accrued Income "FY n-1"), unspent by Implementer at the end of the year and agreed to be carried forward".

- **Forecast Income (No 10)** = Amount expected to be available during "FY n" from Donor (Amount secured through signed "FY n" Funding Agreement + Agreed Donor Carry Forward (if any) from "FY n-1").

NB: the amounts displayed in this column may vary from a quarter to another as and when the project's activities develop.

➤ Year-to-Date ("YTD") Actuals (Ref. X) and Forecast minus YTD Actuals (Ref. Y)

These two columns are calculated automatically by the Excel template; no manual input is required.

The first column ("Actuals") provides actual income and expenditure amounts from the 1st of July to the end of the current reporting period (i.e. Column 3 + Column 4).

The second one shows how much, versus the income and expenditure forecast, has been spent from the 1st of July to the end of the current reporting period (i.e. Column 2 - Column X).

b. Expenditure Section

In this section, the accrued expenses are reported by G/L code for the reported quarter.

Account Code		ESTIMATES		ACTUALS			
		[FY n] Budget (*)	[FY n] Forecast	Previously Reported YTD Actuals	This Quarter Actuals	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals
	EXPENDITURE BY GL CODE						
50xx	Staff costs	0	0	0	0	0	0
51xx	Third party fees	0	0	0	0	0	0
52xx	Other grants & agreements	0	0	0	0	0	0
53xx	Travel & Subsistence	0	0	0	0	0	0
54xx	Communications & fundraising costs	0	0	0	0	0	0
55xx	Meeting & Training costs + Discretionary/Contingency	0	0	0	0	0	0
56xx	Office running costs	0	0	0	0	0	0
57xx	Field running costs	0	0	0	0	0	0
58xx	Capital asset costs	0	0	0	0	0	0
	Subtotal Expenditure:	0	0	0	0	0	0
5900 to 5940	Management costs (Network Std = 12.5%)	0	0	0	0	0	0
60xx	Funding to WWF Network	0	0	0	0	0	0
	D - TOTAL EXPENDITURE	0	0	0	0	0	0
	E - PERMANENT TRANSFERS FROM (TO) OTHER PROJECT(S)	0	0	0	0	0	0
	F - CLOSING BALANCE (C-D+E)	0	0	0	0	0	0

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<i>"Staff costs"</i>	This line also includes Implementing Office core staff costs ⁸ that are directly working for projects funded through the Funding Agreement.
<i>"Travel and Subsistence"</i>	This line must include all travel costs related to business travel performed by WWF employees. <u>NB: it also includes CO² offsets related to air business travel.</u>
<i>"Management Costs"</i>	The Network Management Fee is automatically set at 12.5%. However if the Primary Donor requests another rate to be charged, the line's title and its formulas (cells in red) have to be updated accordingly.
<i>"Closing Balance"</i>	At Q4, the amount highlighted in green should be reported under "Opening Balance" in the next financial year's reports.

Important Note: the Expenditure section should indicate amounts on an accrual basis (i.e. expenses are recorded in the period where resources - time, supplies, etc. - are used). The key feature of accrual accounting is that it should include all likely liabilities and assets of the entity and thus presents a realistic and fuller representation of its financial position and financial performance.

c. Opening/Closing Balance and Exchange Rates table

The bottom of the R3F contains two tables; the first one recapitulates the Opening and Closing balances that can be found in section A of the Income part and in section F of the Expenditure part.

The second one is the Exchange Rates table which indicates the rates Donor should use to convert the Budget, Forecast and Actual amounts reported in local operating currency.

Donor's name				Exchange Rates			
0	A - Opening Balance			Opening Balance Rate	Actual Weighted Average	Budget Rate	Income Forecast Rate
0	F - Closing Balance		Donor's name	0.00000	0.00000	0.00000	0.00000

"Opening Balance Rate":

This rate corresponds to the Q4 FY n-1 Actual Weighted Average rate.

"Actual Weighted Average":

Rate calculated by Implementing Office finance staff to help Donor to convert actuals reported in its own operating currency⁵. **Users can use the table on the right side of the R3F to calculate the actual weighted average rate (see Annex 1a of the present standard).**

⁸ Core staff time spent on projects should be tracked via timesheets. Please check the [Timesheet Network Standard](#).

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- “Budget Rate”:* Realistic rate⁵ taken into account by Project Leader and finance staff to develop project budget for FY n. This box is also used when budgets are adjusted during the financial year for increases or decreases in committed income.
- “Forecast Rate”:* Realistic rate⁵ used by finance staff to calculate a forecast for the remaining months until the financial year end. This rate should take into account the actual weighted average rate for the income installments already received and, accordingly, may vary from the initial budget rate.

Important Note: the exchange rates provided should allow conversion from Local Operating Currency to Funding Agreement’s currency. *E.g.: funding agreement issued in Euros. R3F issued in Swiss Francs. Rate reported CHF/Euro: 0.75 (and not Euro/CHF: 1.35).*

3. Tab 2 – Notes to the R3F:

This worksheet allows Donors to better understand the variances between budget, actual and forecast figures. What triggers variance analysis?

- **Significant variances and professional judgments:** the trigger for variance analysis is whether a variance is significant. Project Leaders and Finance staff must use their professional judgment to assess whether a variance is significant, by reference to the scale of the project and the size of the variance.
- **Overall guidance:**
 - A good variance analysis will result from comparing actuals against the reviewer's expectation of actuals - such expectation being based on the reviewer's knowledge of the project, its workplan, its staffing, any changes encountered during the quarter under review, etc. (hence a zero variance may be significant);
 - The analysis should be aimed at pre-empting any queries from donors.

4. Tab 3 - Full Term Forecasting:

- **Objectives of this worksheet:**
 - To plan and manage carry-forward balances;
 - To support longer term funding across the network;
 - To address donors' information needs to plan fund allocations;
 - To enable implementers to plan and monitor progress against secured funding.

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➤ Scope: what is Full-Term?

- For projects funded on a year-on-year basis: full-term forecast is a forecast for the following financial year;
- For multi-year projects (even if there is one year or less remaining): full-term forecast is a forecast over the time period necessary to accomplish the contracted project activities:
 - I.e.: usually contracted term plus or minus one year to take into account any timing changes planned and /or incurred to date.

➤ Information flows: what information, from whom, to whom?

- For projects funded on a year-on-year basis:
 - Implementers and donors must agree upon proposed budgets for new and year-on-year projects in accordance with the approval deadlines advised by the donor;
 - Donors must provide an "indication of interest" for the following financial year, by the end of Q3 of the current financial year;
 - Project implementers submit the full-term forecast in accordance with such indication of interest by 30 April of the current financial year.
- For multi-year projects:
 - No pre-requisite action from donors;
 - Project implementers submit a full-term forecast which displays **only contracted income**:
 - I.e.: the total of full-term forecast income is less than or equal to contracted income;
 - The full-term forecasting exercise may identify a funding shortage, which will lead to new budget negotiations;
 - The timing of income reflects expected required cash-flows.

NB: as such, the timing of income may differ from the contract.

Important Note: remaining balances at the end of Q4 which were not planned through the Full Term Forecasting process may be lost. Just as positive balances communicated and explained through the Full Term Forecasting process should not be deducted from the next year's budget by the Donor.

➤ How to provide information?

Implementers (Project Leader and Finance staff together) provide information explaining the full term forecast by filling in the R3F form – Tab 3 at Quarter 3 but also by providing:

- A **narrative** recording **explanations** and **assumptions** made to produce the forecast; example of assumptions: exchange rates used, assumed carried forward amounts, assumed progress of activity.

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5. Tab 4: Funding Agreement's Multi-Year Summary Report by Project

This report summarizes the funding history per project under the Funding Agreement. This is an annual report only, due on July 31; figures are in the Funding Agreement currency.

➤ **Objectives of this worksheet:**

- To show, in Donor agreement currency, how much the recipient has spent from the beginning of the agreement to date;
- To understand how much remains to be spent in future years, in Donor agreement currency;
- To ensure that, both, Implementer and Donor have the same multi-year financial information, and, consequently, avoid unnecessary reconciliation in future years when they both realize that their information doesn't match.

FUNDING AGREEMENT MULTI-YEAR SUMMARY REPORT BY PROJECT

PLEASE FILL IN THE PARTS IN RED & BLUE

INCOME & EXPENDITURE REPORT - [FY n]

Report prepared by: [Name of Project Leader and Finance Staff]

Date: [Date of issue]

Office: [WWF Office name]

Project/ Agmt #: [Reference Number of Agreement and Oracle Award]

For Period Ending: Quarter 4 - [FY n]

Funding Agreement Currency: (Agreement Currency)

Total Multi-Year Expense Budget (BLUE cells) must be extracted from Donor Agreement Budget.

All cells highlighted in RED need to be filled in manually each year with last years info.

Those cells in BLACK font contain formulas and calculate automatically

The top of this form is automatically filled in by the Excel spreadsheet except for the "Funding Agreement Currency" line which requires manual input.

Actual Weighted Average at the End of each FY	[FY n - 4]	[FY n - 3]	[FY n - 2]	[FY n - 1]	[FY n]
[Cur]	0.0000	0.0000	0.0000	0.0000	0.0000

To fill in at Q4 only!	Donor Agreement Currency (i.e., EUR)	TOTAL Multi-Year Expense Budget (A)	Total Reported Expenses in FY n - 4 * (B)	Total Reported Expenses in FY n - 3 * (C)	Total Reported Expenses in FY n - 2 * (D)	Total Reported Expenses in FY n - 1 * (E)	Total Reported Expenses in FY n * (F)	Agreement - to - Date Expenditures (G) = (B+C+D+E+F)	Balance to be Spent in Future Years in Agmt Currency (A-G)	Comments
TOTAL EXPENDITURE										
WWF - Project #	(Agreement Currency)	0	0	0	0	0	0	0	0	[Add comment]
WWF - Project #	(Agreement Currency)	0	0	0	0	0	0	0	0	[Add comment]
WWF - Project #	(Agreement Currency)	0	0	0	0	0	0	0	0	[Add comment]
TOTAL FUNDING AGREEMENT	Agreement Currency	0	0	0	0	0	0	0	0	

* These Total Reported Amounts must match total yearly amount in Agreement Currency reported in Quarter 4 of relevant Fiscal Year; using the Actual Weighted Average Exchange Rate in Quarter 4.

WWF Operational Network Standard

Financial Reporting

If a Funding Agreement covers several projects, all of them must be listed in this report. Project lines can be copied and pasted as needed.

6. Tab 5 – Cash Analysis and Cash Request (Optional):

This report is to be completed only for donors that require it (e.g. WWF-US).

Objectives of this worksheet:

- To ensure that, both, recipient and donor have the same cash flow information, and consequently avoid unnecessary reconciliation in future years when they both realize that their information doesn't match.
- For the recipient to communicate to the donor how much cash is needed for the following quarter.

Cash Flow Analysis and Cash Request

Report prepared by: [Name of Project Leader and Finance Staff]
 Date: [Date of issue]
 Financial Year: [FY n]
 Office: [WWF Office name]
 Quarter: [Q1 (Jul-Sep), Q2 (Oct-Dec), Q3 (Jan-Mar), Q4 (May-Jun)]
 Funding Agreement: [Reference Number of Agreement and Oracle Award]

Please fill in the cells in RED

Form to use for funding agreements on cash flow basis only!

“Heading”: The general information will be automatically populated based on information entered in Tab 1. except that in this report, the Recipient needs to enter as currency the “Donor Agreement Currency”.

WWF Operational Network Standard

Financial Reporting

	Line	[Agreement Currency]
Fund Remaining from Previous Quarter	1	0.00
PLUS: Funds Received this Quarter from WWF Donor (in Agmt Currency)	2	0.00
Date	3	0.00
Date		
Subtotal of Funds received this Quarter (2 plus 3)	4	0.00
Funds Available for Current Quarter (1 plus 4)	5	0.00
LESS: Total Expenditures this Quarter (linked to Tab 1 - R3, cell H41)	6	0.00
Funds Remaining at the End of Current Quarter (5 less 6)	7	0.00
Anticipated Expenses for Following Quarter (Projected)	8	0.00
2 months cushion	9	0.00
Funds Requested for Following Quarter	10	0.00

Section 1: “Funds remaining from previous quarter”: the recipient has to enter the funds remaining in the previous period; this amount must reconcile with previous report line: “Funds remaining at the end of current quarter”.

Sections 2/3: “Plus, fund received this quarter from WWF Donor”: recipient has to enter date and amount received during the quarter. The amount in Agreement Currency must be converted at the real “Actual Rate”.

Section 4: “Subtotal of funds received this quarter”: this cell is automatically calculated adding all funds received during the quarter.

Section 5: “Funds available for current quarter”: this cell is automatically calculated, adding funds remaining from previous quarter, plus funds received during current quarter.

Section 6: “Less Total Expenses this quarter”: total actual expenses in current quarter (in recipient currency) found in “Tab 1: R3” and multiplied it by the current quarter “actual weighted average rate”. This cell is calculated automatically.

WWF Operational Network Standard

Financial Reporting

- Section 7:* “Funds remaining at the end of current quarter”: this cell is calculated automatically by subtracting total expenses from current quarter from funds available for the current quarter.
- Section 8:* “Anticipated Expenses for Following Quarter (Projected)”: recipient to enter the total spending for next quarter's activities as per workplan (to check with Project Leader(s)).
- Section 9:* “2 month cushion”: amount to be entered by recipient. The logic is that given that the financial report is sent to the donor one month after the end of the quarter, and the donor has to spend 2 weeks reviewing it, the donor provides 2 months cushion for the next cash installment to arrive to recipient.
- Section 10:* “Funds requested for the following quarter”: this cell is automatically calculated by adding anticipated expenses for following quarter, plus 2 month cushion, minus funds remaining at the end of current quarter.

7. Link between Financial and Technical reporting:

Technical reporting must be consistent with financial reporting: reporting offices must ensure that Q2 and Q4 technical and financial reports do not present facts which are contradictory.

WWF Operational Network Standard

Financial Reporting

ANNEX 5 - Step by step guidelines to fill in the Project Expenditure Report:

1. Introduction:

The purpose of this report is to have a simple, easy to understand tool to monitor financial progress, performance and overall budget of the **project** as a whole, in line with the project overall Technical Progress Report.

An income section is not included; however, **expenditure budget for each of the donors equals annual expenditure budget, including authorized carry forward⁹**. This gives project management and Donors a big picture of the project expenses.

The Project Expenditure report is issued every six months (in July and January, like the Technical Progress Report) in **local operating currency**. It contains the following information:

- General information on office, project, and period reported;
- An exchange rates table;
- Accrued Expenditure (budget and forecast) by Donor;
- Accrued Expenditure (budget and forecast) by G/L code.

In this report, figures are reported on an **accrual** basis.

***NB:** this report is not necessary if there is only one funding agreement funding just one project. In this case, the R3F is the only report produced and it should be submitted via the WWF Project Database under the relevant project number.*

2. General Information and Exchange Rates table:

Like in the R3F form, all the cells in red have to be filled in manually.

PROJECT EXPENDITURE REPORT

Please fill in the cells in **RED**

R3P

Report prepared by:

[Name of Project Leader and Finance Staff]

Date:

[Date of issue]

Office:

[WWF Office name]

For the period ending:

[S1 (Jul-Dec) or S2 (Jan-Jun)]

Project & Agreements/Awards #

[Project #] + [Agr./Awards #]

Financial Year :

[FY n]

Currency:

[Enter local currency]

Exchange Rates			Donor's Name / Currency
Actual Weighted Average	Forecast Rate	Budget Rate	
0.0000	0.0000	0.0000	Donor 1 Curr
0.0000	0.0000	0.0000	Donor 2 Curr
0.0000	0.0000	0.0000	Donor 3 Curr
0.0000	0.0000	0.0000	Donor 4 Curr

⁹ Authorized carry forward = amount committed by Donor to Implementer in "FY n-1" (Accrued Income "FY n-1"), but not spent by Implementer, and formally agreed to be spent in the next financial year through an amendment to the initial funding agreement (Latest Budget Approved by Donor).

WWF Operational Network Standard

Financial Reporting

The general information is based on what has been provided in the R3F except that, in this report, the project number is also requested.

“Project/Agmt #”: Project number provided by the WWF Project Database + reference number of ALL the Funding Agreements funding this project.

“Actual Weighted Average”: Rate calculated by Implementing Office finance staff to help Donor to convert actuals reported in its own operating currency⁵.

“Forecast Rate”: Realistic rate⁵ used by finance staff to calculate forecast for the remaining months until the financial year end. This rate should take into account the actual weighted average rate for the income installments already received and, accordingly, may vary from the initial budget rate.

“Budget Rate”: Realistic rate⁵ taken into account by Project Leader and finance staff to develop project budget for FY n. This box is also used when budgets are adjusted during the financial year for increases or decreases in committed income.

3. Accrued Expenditure by Donor:

- This section provides an overview of expenditures per Donor. Only the 3 columns highlighted in blue have to be filled in manually.

Expenditure amounts reported on <u>accrual</u> basis	ESTIMATES			ACTUALS			Comments/Explanations
	[FY n] Budget	[FY n] Forecast	% of Budget per Donor	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals	% of Expenses by Donor	
PROJECT EXPENDITURES BY DONOR	1	2	X	3		Y	4
WWF International (PO levy)	0	0	#DIV/0!	0	0	#DIV/0!	
WWF International (other than PO levy)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
National Organizations (one line per NO)	0	0	#DIV/0!	0	0	#DIV/0!	
Other WWF	0	0	#DIV/0!	0	0	#DIV/0!	
GAA (one line per GAA)	0	0	#DIV/0!	0	0	#DIV/0!	
GAA (one line per GAA)	0	0	#DIV/0!	0	0	#DIV/0!	
Other Direct Donations	0	0	#DIV/0!	0	0	#DIV/0!	
Other Income	0	0	#DIV/0!	0	0	#DIV/0!	
A - TOTAL PROJECT EXPENDITURES BY DONOR	0	0	#DIV/0!	0	0	#DIV/0!	

➤ Budget (No 1 in the above picture)

- The expenditure budget column shows the committed contribution to the project (including authorized carry forwards) in “FY n” for each Donor, as per the approved Project Budget “B3” attached to the signed Funding Agreement. NB: current FY budgets should be

WWF Operational Network Standard

Financial Reporting

approved each year by Donor, together with the agreed carry forward.

➤ Forecast (No 2)

- The expenditure forecast column shows what amounts are expected to be spent from each Donor's funding in "FY n".

NB: the amounts displayed in this column may vary from a quarter to another as and when the project's activities develop.

➤ Year-to-date ("YTD") Actuals (No 3)

- The YTD Actuals displayed in this column reflect the amount spent per donor from the 1st of July to the end of the current reported period "FY n".

➤ Comments/Explanations (No 4)

- When the percentages displayed in the columns **X** and **Y** above highlight a significant variance (forecast vs budget or total spent vs what has been planned to be spent according to the project work plan), then clear comments and/or explanations are requested. These statements should be either documented or easily verifiable.

4. Accrued Expenditure by Expense Category:

This section of the form provides "Year-to-date Actuals" per General Ledger code. The "Total Project Expenditure by Expense Category" equals the "Total Project Expenditure by Donor".

Expenditure amounts reported on accrual basis	ESTIMATES			ACTUALS			Comments/Explanations
	[FY n] Budget	[FY n] Forecast	% of Budget per Donor	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals	% of Expenses by Donor	
PROJECT EXPENDITURES BY EXPENSE CATEGORY	1	2		3			
Staff costs	0	0	#DIV/0!	0	0	#DIV/0!	
Third party fees	0	0	#DIV/0!	0	0	#DIV/0!	
Other grants & agreements	0	0	#DIV/0!	0	0	#DIV/0!	
Travel & Subsistence	0	0	#DIV/0!	0	0	#DIV/0!	
Communications & fundraising costs	0	0	#DIV/0!	0	0	#DIV/0!	
Meeting & Training costs + Discretionary/Contingency	0	0	#DIV/0!	0	0	#DIV/0!	
Office running costs	0	0	#DIV/0!	0	0	#DIV/0!	
Field running costs	0	0	#DIV/0!	0	0	#DIV/0!	
Capital asset costs	0	0	#DIV/0!	0	0	#DIV/0!	
Subtotal Expenditure:	0	0	#DIV/0!	0	0	#DIV/0!	
Management costs (Network Std = 12.5%)	0	0	#DIV/0!	0	0	#DIV/0!	
Funding to WWF Network	0	0	#DIV/0!	0	0	#DIV/0!	
B - TOTAL PROJECT EXPENDITURES BY GL CODE	0	0	#DIV/0!	0	0	#DIV/0!	

WWF Operational Network Standard

Financial Reporting

<i>“Staff costs”:</i>	This line also includes Implementing Office core staff costs that are directly working for the project (as per approved B3).
<i>“Travel and Subsistence”:</i>	This line must include all travel costs related to business travel performed by WWF employees. <u>NB</u> : it also includes CO ² offsets related to air business travel.
<i>“Management Costs”:</i>	The Network Management Fee is automatically set at 12.5%. However if the authorized Management Fee rates vary from a Donor to another, the line’s title has to mention it accordingly, and the “Year-to-date Actuals” must be inserted manually.

NB: since this report is issued twice a year (in July and January), the amounts by Expense Category reported in columns 1, 2 and 3 (see picture above) should be equal to the similar sections in Q2 and Q4 R3F reports.

Important Note: the “Total project expenditure by GL code” (Line B) should equal the “Total project expenditure by Donor” (Line A).



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WWF OPERATIONAL NETWORK STANDARD

NB: Oct. 2008 and Oct. 2010 changes highlighted in blue in the text

FOREIGN EXCHANGE TRANSLATION

Contents

1. **Objectives and scope**
 - 1.1 Objectives
 - 1.2 Scope
2. **Methodology**
 - 2.1 Reporting
 - 2.2 Budgeting and forecasting
 - 2.3 Example
 - 2.4 Template
 - 2.5 Transition
3. **Process**
 - 3.1 Communication about funds transfers
 - 3.2 Responsibility for exchange rate calculation and report translation

Annexes

Annex 1: worked example

Annex 2: template for calculating the weighted average

The annexes to this Standard are also available on [WWF Intranet](#).

WWF Operational Network Standard

FX Translation

1. OBJECTIVES AND SCOPE

1.1 Objectives:

- To ensure consistency: by providing a standard method for the translation of financial reports submitted by WWF Implementers to WWF Donors;
- To underline responsibilities: by specifying how foreign exchange information is communicated between WWF Implementers and WWF Donors.

1.2 Scope:

- This standard defines the following responsibilities:
 - Which office calculates the foreign exchange rate (the implementing office);
 - Which office carries out the translation (the Donor);
 - How the exchange rate information is reported.
- This standard applies to the following financial documents:
 - [R3F and R3P reports](#) submitted to Donors and the Project Database (i.e. to convert from local currency to WWF Donor's currency);
 - Budgets and Forecasts submitted to Donors;
 - Network Initiatives [financial](#) reports.

2. METHODOLOGY

2.1 Reporting:

- **Rule:**
 - Reports are submitted to Donors in the Implementer's functional currency¹;
 - The exchange rate to be used for translating actuals is the **Weighted Average per Donor per project**;
 - The Weighted Average rate is calculated separately for each Donor by adding the local reporting currency amounts received during the financial year - [including carried forward amounts](#) - from the Donor concerned and dividing the total by the amount sent in Donors' currency.

¹ The functional currency corresponds to the currency in which the implementing office's books are maintained.

WWF Operational Network Standard

FX Translation

- **Rationale:** this is the only way in which the Donor can reconcile sent funds to the financial reports of the receiving office. This reconciliation is important as it gives assurance to the Donor that their funds were accurately recorded in the correct project.
- **Note:** where implementing offices hold hard currency bank accounts, the rate for each incoming transfer is the rate used when the income is booked² in the receiving office's accounts³ (NOT the rate used when the funds will ultimately be translated when they are about to be disbursed).
- **Cases of hyper-inflation:** offices in countries where the local currency is hyper-inflationary should maintain their accounts in the hard currency in which the majority of the transactions are carried out in⁴.

2.2 Budgeting and forecasting:

- Budgets and forecasts are submitted to Donors in the Implementers' functional currency⁵.
- Initial budgets should be translated with the most realistic rate, e.g.:
 - The hedge rate where the funds are hedged;
 - A rate agreed with the Donor; or
 - A conservative rate based on historical trends and market forecasts, etc.
- Budgets that are adjusted during the financial year **for increases or decreases in committed income**, as well as **forecasts**, should also use a realistic rate. This realistic rate should take into account the actual weighted average rate for the income installments already received and accordingly may vary from the initial budget rate.

² Depending upon the set-up of the receiving office's general ledger, this may be the previous month end rate, the current month end rate or (more rarely) the rate on the day in which the income is received.

³ This may result in an exchange gain or loss, which is accounted for by the receiving office in accordance with its policy for recognising foreign exchange profit or loss: i.e. either allocated to the project or the office. Where a loss occurs, the balance is drawn from unrestricted funding or negotiated with the Donor. [Please also refer to the FX Risk Management Recommended Best Practice available on WWF Intranet.](#)

⁴ An office is considered to be operating in an hyper-inflationary environment if the following criteria are met:

- The general population prefers to keep its wealth in a relatively stable foreign currency as opposed to the local currency;
- Prices are often quoted in the foreign currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period;
- Interest rates, wages and prices are linked to a price index;
- The cumulative inflation over the last three years exceeds 100 percent.

⁵ The translation from Implementer's functional currency into Donor's currency is carried out by the Donor office, based on exchange rate information calculated and submitted by the implementing office (see section 3)

WWF Operational Network Standard

FX Translation

The adjusted budget rate should be specifically noted on the [R3F and R3P forms](#) in the box labeled "Budget Rate". The forecast rate should be specifically noted on the [R3F and R3P](#) in the box labeled "Forecast Rate".

2.3 Example:

- Please refer to Annex 1 for a worked example (separate Excel spreadsheet).
- The worked example is also available on [WWF Intranet](#).

2.4 Template:

- Please refer to Annex 2 for a template to calculate the Weighted Average per Donor (Excel spreadsheet).
- The template is also available on [WWF Intranet](#).

3. PROCESS AND RESPONSIBILITIES

3.1 Communication about funds transfers:

- Donors inform the recipient when they send funds to the recipient. Information includes at least:
 - Total amount in [Funding Agreement](#) currency;
 - The split per project; and
 - Payment date.
- The recipient informs the Donor upon receipt. Information includes at least:
 - Total amount [received](#) in the currency of transfer;
 - Total amount in reporting currency; and
 - Date received.

3.2 Responsibility for exchange rate calculation and report translation:

- The weighted average rate per Donor per project is calculated by the office which receives the funds ([reported on R3F and R3P](#));

WWF Operational Network Standard

FX Translation

- When more than one Donor have sent the same currency (e.g. both WWF-DE and WWF-NL send Euros), then the weighted average rate is calculated and reported separately for each Donor;
- The translation of the report into Donor's currency is carried out by the Donor on the basis of the information reported by the receiving office.

If you have any further questions or wish to share comments, please contact:

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WWF International

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WWF Operational Network Standard

FX Translation

Annex 1

WEIGHTED AVERAGE METHOD BY DONOR - EXAMPLE

By this method, income instalments are translated into the reporting currency using FX rates valid on the date of transaction and are grouped by Donor. Therefore a weighted average rate can be computed and used by the Donor to convert R3F and R3P reports into its own currency.

Background Information

- 1) Implementing Office's accounts are kept in GBP
- 2) Funding from Donor is committed in Euro

- 3) Budget prepared is using a rate supplied by Donor: 1 GBP = EUR 1.45
- 4) All funds are spent on Grants

PO's accounts - See attached R3 extract

		In Donor's Currency		GBP	FX rate of Instalment	% of income
		(A)		(B)	(C)	(D)
0	Unspent balance brought forward (Opening Balance):					
	Germany	195		150	1.3000	42.3%
	Instalments received from Donors:					
1	Germany Month 1	Euro 140	converted to	100	1.4000	
2	Germany Month 2	Euro 140	converted to	105	1.3333	
3	Sub-total:	Euro 280		205	1.3659	57.7%
6	Total Income:	<u>475</u>		<u>355</u>	<u>1.3380</u>	<u>100.00%</u>
	Payments to suppliers:					
7	Month 2			50		
8	Month 5			80		
9	Month 8			120		
10	Total Expenditure:			<u>250</u>		
11	Unspent balance for the year-to-date			<u>105</u>		

(A) calculation of average rate for the period takes into account unspent balances carried forward from the prior year.

Financial report prepared by WWF-Germany using info in PO's R3 - Refer to attached R3 extract

		in GBP	Reference	FX rate	Reference	in EUR
		(E)		(F)		(G) = (E) x (F)
12	Brought forward	150	line 0 col (B)	1.3000	line 0 col (C)	195
13	Income	205	line 3 col (B)	1.3659	line 3 col (C)	280
14	Sub-total Income	<u>355</u>		<u>1.3380</u>	line 6 col (A) divided by line 6 col (B)	<u>475</u>
15	Expenditure	250	line 10 col (B)	1.3380	line 14 col (F)	335
16	Unspent balance to carry forward	<u>105</u>		<u>1.3380</u>		<u>140</u>
	Note					
	(1) Next year: rate for opening balance = Donor weighted average rate from current year e.g. 1.3380 for WWF Germany					

Annex 1 - Cont'd

Extract of R3F report

FUNDING AGREEMENT'S INCOME & EXPENDITURE REPORT

R3F

Report prepared by: [Name of Project Leader and Finance Staff]

Date: [Date of issue]

Office: [WWF Office name]

For the period ending: 31st March - Q3

Funding Agreement #: [Reference Number of Agreement and Oracle Award]

Financial Year: [FY n]

Please fill in the cells
in **RED**

In: '000 GBP

Account Code		ESTIMATES	
		[FY n] Budget (*)	[FY n] Forecast
	A - OPENING BALANCE - 1 July 20xx	150	150
Income = Cash Received = Revenue Account (4xxx) Minus Revenue Receivable (1xxx)	INCOME (Cash Received)		
	WWF- Germany	205	205
	B - TOTAL INCOME	205	205
	C - TOTAL INCOME + OPENING BALANCE	355	355
	EXPENDITURE BY GL CODE (Accrued)		
52xx	Other grants & agreements	316	0
	Subtotal Expenditure:	316	0
5900 to 5949	Management costs (Network Std = 12.5%)	39	0
60xx	Funding to WWF Network	0	0
	D - TOTAL EXPENDITURE	355	0
	E - PERMANENT TRANSFERS FROM (TO) OTHER PROJECT(S)	0	0
	F - CLOSING BALANCE (C-D+E)	0	355

(*) Latest Budget Approved by Donor

WWF- Germany	
A - Opening Balance	150
F - Closing Balance	105

ACTUALS			
Previously Reported YTD Actuals	This Quarter Actuals	Year-to-date (YTD) Actuals	Forecast minus YTD Actuals
150	0	150	0
205	0	205	0
205	0	205	0
355	0	355	0
116	107	223	-223
116	107	223	-223
14	13	28	-28
0	0	0	0
130	120	250	-250
0	0	0	0
225	-120	105	250

Exchange Rates			
	Opening Balance Rate	Actual Weighted Average	Budget Rate
WWF- Germany	1.30000	1.33800	1.45000
			Income Forecast Rate
			1.33800

WWF Operational Network Standard

FX Translation

Annex 2

Calculations prepared by: [Name of WWF Staff]
 Office Name: [Name of Reporting Office]
 Office's Currency: [Local Operating Currency]
 Donor's Name: [Name of WWF Donor]
 Agreement's Currency: [Funding Agr. Currency]
 Date: [When the table is filled in]

NB: this table is also inserted in the template R3F (tab 1) for easier reference

CALCULATION OF WEIGHTED AVERAGE EXCHANGE RATE

CALCULATION OF WEIGHTED AVERAGE EXCHANGE RATE	ACTUALS			
	Income reported in Funding Currency	Income reported in Local Operating Currency	Actual Rate used for conversion	Calculated Weighted Average Rate
Date at which the income has been converted	[Funding Agr. Currency]	Local Operating Currency		
Opening Balance 1st July	-	-	0.00000	0.00000
1	-	-	0.00000	0.00000
2	-	-	0.00000	0.00000
3	-	-	0.00000	0.00000
4	-	-	0.00000	0.00000
5	-	-	0.00000	0.00000
6	-	-	0.00000	0.00000
7	-	-	0.00000	0.00000
8	-	-	0.00000	0.00000
9	-	-	0.00000	0.00000
10	-	-	0.00000	0.00000
11	-	-	0.00000	0.00000
12	-	-	0.00000	0.00000
Total (including opening balance)	-	-		
Total net of opening balance	-	-		

WWF OPERATIONAL NETWORK STANDARD

INTRA-NETWORK CONTRACTING

Background:

WWF Donors support projects implemented by WWF Recipients throughout the WWF Network. This support necessitates contracting with WWF Recipients in accordance with policies and procedures of the WWF Donors. In a continuing effort to standardize policies, procedures, and reporting requirements, the Network has standardized the contracting relationships between WWF Network entities. It results from extensive consultation throughout the Network and relevant legal input.

Purpose:

To standardize the use of contracts between WWF entities operating within the umbrella of the WWF Network Understanding Charter to support the contractual relationships between Network entities.

Standard:

Contracting relationships between WWF entities for all project and program support will be documented by use of the Network contracting format. Each contract between WWF entities will contain two parts:

WWF Operational Network Standard

Network Contracts

1. Project Agreement:

The particulars of each project should be recorded in the relevant clauses of the Standard Project Agreement template; the template is clearly marked where inputs are necessary and options;

2. Terms and Conditions:

The Standard WWF Network Terms and Conditions form an integral part of each contract and should be attached to each Agreement.

As part of this Standard, WWF has established the process of electronic transfer of agreements including the acceptance of scanned copies of signatures by both parties as an executed agreement. This process is to be followed unless legal or audit considerations within a country require otherwise.

The Standard is applicable from 4 July 2005: whilst existing contracts will remain in place, all new contracts should adopt the attached Standard Project Agreement template and Terms and Conditions. The Standard has been revised as of 1 December 2006 to include the signature process.

Attachments:

1. Network Standard Project Agreement Template
2. Network Terms and Conditions

If you have any further questions or wish to share comments, please contact:

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Manager, Operational Network Standards

WWF International

mmaquet@wwfint.org



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WWF Standard Template “C1”

[Instructions for use of the template are included in italics in brackets below; please delete when drafting the agreement.]

NB: Oct. 2010 changes highlighted in blue bold letters.

[PROJECT AGREEMENT]

(Agreement)

BETWEEN

[NAME OF WWF DONOR]

(WWF Donor)

[Address of WWF Donor]

AND

[NAME OF WWF RECIPIENT]

(WWF Recipient)

[Address of WWF Recipient]

FOR

PROJECT NAME ("the Project"):

PROJECT NUMBER:

PROJECT LOCATION:

PROJECT IMPLEMENTATION AGREEMENT (PIA) *[if applicable]*:

AGREEMENT NUMBER *(Mandatory since 1st July 2010)*:

DATE OF AGREEMENT:

THE PARTIES AGREE AS FOLLOWS:

A. THE PROJECT

WWF Recipient agrees to carry out the activities (“Activities”) for the Project as described in the Project Proposal (WWF Network Standard Format), Attachment 1.

WWF Recipient agrees to carry out these activities in accordance with the Project Budget (WWF Network Standard Format), Attachment 2.

B. TERM OF AGREEMENT

Starting Date:



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WWF Standard Template “C1”

Ending Date:

Unless earlier terminated, or, extended by mutual written agreement.

C. FUNDING SOURCE (“Primary Donor”) *[if applicable] [or mark as "Not Applicable".]*

Primary Donor: *[Name of Donor if any other than WWF Donor]:*

Primary Donor Funding Source Agreement Number (if applicable):

WWF Recipient agrees to abide by all provisions of the Primary Donor Agreement incorporated into this Agreement (see Additional Provisions for Primary Donor-Funded Projects, Attachment 4).

D. AMOUNT OF AGREEMENT

WWF Donor agrees to fund the Agreement for a total amount not to exceed *[amount in words/currency]* _____ (*[amount in numbers]*_____).

(See Detailed Budget, Attachment 2.)

[Add donor currency and/or exchange rate information if applicable]

[or D.] AMOUNT OF AGREEMENT

[To be used for multiple year agreements, where funds are restricted by an outside donor.]

The total anticipated amount of this Agreement is *[amount in words/currency]* _____ (*amount in numbers*)_____).

WWF Donor hereby commits (obligates) the amount of *[amount in words/currency]* _____ (*[amount in numbers]*_____) for program expenditures during the estimated period of one year as set forth in the Detailed Budget in Attachment 2. Under no circumstances shall WWF Donor be obligated for reimbursing WWF Recipient for costs in excess of the committed (obligated) amount (*[amount in numbers]* _____ *[obligated amount]*) under this Project unless this Agreement is modified to increase the amount. Additional funds up to the total anticipated amount of the Agreement may be obligated by WWF Donor subject to the availability of funds made available to WWF Donor by the Primary Donor.

E. TRANSMITTAL OF FUNDS

By Check(s) payable to the WWF Recipient.

[or]

By Bank wire in the name of the WWF Recipient.

- Bank Name:

- Account Name:

- Account Number:

[or]

By use of the WWF Netting Process.

F. PAYMENT PROVISIONS

[Option 1:] The full amount of this Agreement will be disbursed to WWF Recipient upon receipt of a signed copy of this Agreement.

[Option 2: Network recommendation] The schedule of payment is as follows:

1 July	40% of the annual budget
15 November	25% of the annual budget
1 March	25% of the annual budget
15 May	10% of the annual budget

In case of reasonable doubt with regard to compliance from WWF Recipient with a provision in this Agreement (in a qualitative and/or quantitative sense), WWF Donor has the right to deviate from this schedule.

[Option 3: Complete for each Subagreement using WWF Donor guidelines or Primary Donor requirements - Example:]

Upon receipt by WWF Donor of a signed copy of this Agreement, WWF Donor will disburse an initial amount of *[Currency]* _____.

Upon receipt and acceptance of deliverables (see H. Deliverables), payments will be disbursed in installments based on the quarterly fund requests submitted through the quarterly financial reports.

G. PERSONS DESIGNATED AS CONTACTS OF PARTIES

1. WWF Donor:
 - a. Project Manager: (name & title)
 - b. Administrator: (name & title)
2. WWF Recipient:
 - a. Project Manager: (name & title)
 - b. Administrator: (name & title)

All communications between WWF Recipient and WWF Donor shall contain the project name and reference number.

H. DELIVERABLES



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WWF Recipient agrees to deliver the following products to WWF Donor and to post to the WWF International Database as specified below; WWF Donor will respond within 30 days to WWF Recipient if the reports are not considered satisfactory :

1. Technical Reports: Semi-annual technical reports using the WWF Network standard format due January 31 and July 31 of each project year.
2. Financial Reports: Financial reports, including final report, using the **R3F and R3P formats** and applicable Network Standards, due:
 - **R3F**: July – September due October 31 (Quarter 1)
 - **R3F + R3P**: October – December due January 31 (Quarter 2)
 - **R3F**: January – March due April 30 (Quarter 3)
 - **R3F + R3P**: April – June due July 31 (Quarter 4)

Third quarter full-term forecasting (**tab 3 of R3F**), together with a variance analysis, is required for multiple year grants **or funded on a year-to-year basis**.

**** 3. [for multiple year agreements:]** Annual workplans due April 30.

**** [or complete for each Project Agreement using primary donor requirements, including, where applicable, audits, equipment inventory, etc.]**

I. SPECIAL PROVISIONS

[Add provisions for WWF Donor as required by WWF Donor country law or Primary Donor, or General Counsel or Financial Director of WWF Donor for legal or business purposes; or mark as Not Applicable.]

J. ORDER OF PRECEDENCE

Any inconsistency between the different parts of the Agreement shall be resolved by giving precedence in the following order: (a) the Additional Provisions for Primary Donor-Funded Projects; (b) Project Agreement; (c) WWF Network Terms and Conditions; (d) the Budget; (e) the Project Proposal.

K. EXECUTION; ATTACHMENTS; STANDARD PROVISIONS

By their execution below, WWF Donor and WWF Recipient have agreed to all the terms and conditions of this Agreement, including the WWF Terms and Conditions agreed upon by the WWF Network on 1 July 2005 and all other referenced Attachments, which are hereby incorporated into and made a part of this Agreement. Whenever possible, the Agreement should be executed in faxed counterparts or scanned counterparts sent electronically, each of which shall constitute one agreement, and all of which when taken together, shall constitute one agreement.



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WWF Standard Template “C1”

All modifications to this Agreement must be in writing and signed by persons designated to act on behalf of WWF Donor and WWF Recipient.

Authorized by:

[Name of WWF Donor]

by _____
(Name and Title)

Date: _____

Accepted by:

[Name of WWF Recipient]

by _____
(Name and Title)

Date: _____

- Attachment 1: Project Proposal
 - Attachment 2: Project Budget
 - Attachment 3: WWF Network Terms and Conditions
 - [- Attachment 4: Additional Provisions for Primary Donor-Funded Projects]
- [Enclosures: (only as applicable for Primary Donor funding)*
Technical Reporting Format
Financial Reporting Format]

WWF NETWORK TERMS AND CONDITIONS

1 July 2005

Except as otherwise provided by its terms, the Project Agreement shall be deemed to include the following terms and conditions:

1. RELATIONSHIP OF PARTIES

The relationship between WWF Donor and WWF Recipient is solely that of grantor and grantee. WWF Donor and WWF Recipient are not engaged in an employer-employee relationship, partnership, joint venture or agency contract of any kind. Neither party has authority to create any obligations, express or implied, on behalf of the other.

2. ASSIGNMENT OF RIGHTS; SUBAGREEMENTS / THIRD PARTY AGREEMENTS

- 2.1. WWF Recipient may not assign its rights or delegate its obligations under the Project Agreement without WWF Donor's prior written consent, which will not be unreasonably withheld.
- 2.2. WWF Recipient may subcontract certain elements of the Activities with prior written approval of the WWF Donor. WWF Recipient shall remain responsible for fulfillment of those Activities and is responsible for including in any subagreement/third party agreement related to the project described in the Project Agreement all clauses and provisions necessary to fulfill WWF Recipient's obligations under the Project Agreement.

3. USE OF FUNDS AND OTHER RESOURCES

- 3.1. WWF Recipient shall use the funds and other resources (material and non-material) provided under the Project Agreement only for the specific purposes of the Activities identified in the project terms of reference and project budget annexed to the Project Agreement.
- 3.2. Only expenditures for reasonable, approved, and documented costs as identified in the Budget are allowable. All expenditures must be incurred during the period of the Project Agreement to be allowable.
- 3.3. WWF-Recipient may reallocate the amounts designated for any major budget category in the approved budget through the narrative notes submitted with the financial reports to WWF Donor if the scope of the project remains unchanged, unless subject to the restrictions of a Primary Donor.

However, purchases of any equipment, use of consultants or subrecipients, or creation of major budget categories not approved in the original budget require prior written approval from WWF Donor. Budgeting of any exchange rate gains needs to be negotiated with and approved by WWF Donor prior to spending of the additional funds.

- 3.4. All travel will be paid at the economy rate only, unless WWF Donor provides written consent to the contrary; first class train fare is allowable if it does not exceed the cost of an economy air ticket for the same journey. Accommodation and subsistence expenses shall be reimbursed according to reasonable rates, not to exceed per diem rates of a Primary Donor if applicable.
- 3.5. WWF Recipient agrees to be liable for costs relating to the project which exceed the approved budget total and which do not receive the specific prior written approval of WWF Donor.
- 3.6. No funds provided under the Project Agreement will be used to attempt to influence the outcome of any public election or to undertake any activity for a purpose that is not exclusively charitable, scientific, literary or educational.
- 3.7. Any funds provided under the Project Agreement which are exchanged to local currency must be exchanged at the best available rate through the channels authorised by applicable laws and regulations. Transactions must be verified through bank receipts or other documents or publications sufficient to demonstrate the legality of such transactions.
- 3.8. At the expiration or earlier termination of the Project Agreement, WWF Recipient shall report to WWF Donor on the amount of unspent funds (if any) provided by WWF Donor. WWF Recipient shall hold these funds pending WWF Donor instructions.

4. FUNDS MANAGEMENT, BANK ACCOUNTS & INTEREST

- 4.1. WWF Recipient shall exercise prudence in establishing secure arrangements for holding funds received from WWF Donor, having regard to the need to protect the real value of the funds against inflation and the risk of depreciation of local currencies.
- 4.2. The location, name, designation and currency of the bank account for the Project funds shall be identified by WWF Recipient in the Project Agreement and operated in accordance with generally accepted standards for funds management.
- 4.3. Where a special account is opened for the Project, the bank account shall, if practicable, be an interest

bearing account, and all interest accruing on the funds provided by WWF Donor shall be recorded separately and reported in the quarterly financial report. Such interest shall be considered as an additional contribution from WWF Donor at the request of WWF Recipient, unless any Primary Donor prohibits this.

5. FINANCIAL RECORDS

- 5.1. WWF Recipient agrees to keep separate and accurate financial records in accordance with generally accepted accounting principles and procedures so that payments received and expenditures made under the Project Agreement can be easily identified.
- 5.2. WWF Recipient agrees to maintain the above-mentioned financial records for a period of five (5) years after the expiration or earlier termination of the Project Agreement.

6. AUDITS

- 6.1. With prior reasonable notice, WWF Recipient agrees to make available for inspection, review and audit, by WWF Donor, and Primary Donor if applicable, the books of account and other financial records relevant to the Project Agreement.
- 6.2. WWF Donor may request the appointment, by WWF Recipient, of independent auditors to inspect, review and audit the books of account and other financial records relevant to the Project Agreement. Upon such a request, WWF Recipient agrees to make an appointment at WWF Donor's expense in consultation and with the agreement of WWF Donor.
- 6.3. WWF Recipient agrees to reimburse WWF Donor the amount of any expenditures disallowed by independent auditors (appointed under clause 6.2), through an audit exception or other appropriate means based upon a finding that such expenditures failed to comply with a provision of the Project Agreement.
- 6.4. WWF Recipient will submit a copy of its annual audited financial statement to WWF Donor upon request.

7. INTELLECTUAL PROPERTY RIGHTS

For the purposes of this clause, the term 'Works' refers to all works of authorship and inventions created by WWF Recipient pursuant to the Project Agreement, including, but not limited to, films, photographs, graphic works, maps, video recording, books, articles, writings, and audio recordings, (and all materials embodying such works of

authorship and inventions) whether produced before, during or after the term of the Project Agreement. WWF Recipient shall own all right, title, and interest in the Works; however, WWF Donor shall have a perpetual, non-exclusive, royalty free licence to use the Works, including their modification and/or reproduction, in whole or in part.

8. RESOURCES FROM OTHER SOURCES

- 8.1. WWF Recipient agrees to immediately notify WWF Donor of any resources (including funds) that are or may be made available from sources other than WWF Donor ("Additional Resources"), for the project which is the subject of the Project Agreement.
- 8.2. WWF Donor shall have the right to terminate the Project Agreement if WWF Recipient fails to make full and timely disclosure of any Additional Resources.

9. CAPITAL EQUIPMENT

- 9.1. All capital equipment donated or purchased with funds provided by WWF Donor under the Project Agreement shall be purchased in the name of WWF Recipient. Capital equipment is defined in accordance with WWF Donor's policy on capital equipment, which will be provided to WWF Recipient when applicable and upon request, unless otherwise specified in the Project Agreement document.
- 9.2. WWF Recipient agrees not to modify the ownership, or agreed utilization of capital equipment funded or donated by WWF Donor, without prior written approval by WWF Donor.
- 9.3. WWF Recipient agrees to provide proper insurance for and proper maintenance of all capital equipment and other property donated or funded by WWF Donor under the Project Agreement and to arrange for the payment of all related expenses (including insurance and taxes) as identified in the project budget.
- 9.4. All capital equipment funded or donated by WWF Donor, at the expiration or earlier termination of the Project Agreement shall remain vested in the name of WWF Recipient unless otherwise specified in the Project Agreement until disposition instructions are provided by WWF Donor.

10. PUBLIC AWARENESS

WWF Recipient agrees to provide WWF Donor with copies of all published written materials that mention or relate to the project activities which are funded under the Project Agreement, including those published within two (2) years after the expiration or other termination of the Project Agreement.

11. REPORTS AND OTHER DELIVERABLES

WWF Recipient agrees to provide the reports and other deliverables as identified in the Project Agreement. All reports shall be written in English unless otherwise agreed in the Project Agreement.

12. COMMUNICATIONS WITH PRIMARY DONOR

12.1. All formal communications with a Primary Donor shall be through WWF Donor.

12.2. WWF Recipient shall endeavour to maintain good working relations with the local representatives of a Primary Donor, and shall keep WWF Donor informed of ongoing communications with the local representative.

13. TAXES

WWF Recipient shall be liable for all taxes arising out of payments made to it pursuant to this Agreement.

14. INSURANCE

14.1. WWF Recipient shall ensure that it has adequate and appropriate insurance to protect against any loss or damage which may be sustained in the course of implementing the project.

14.2. WWF Donor shall not, in any circumstance or for any reason, be held liable for loss or damage sustained or caused by WWF Recipient, its personnel or third parties employed in the course of implementing the project, unless the loss or damage is due to the fault of WWF Donor.

15. INDEMNIFICATION

WWF Recipient hereby indemnifies WWF Donor, together with its officers, directors, employees, and agents, from any and all claims, demands, liabilities, expenses, fines, penalties or money judgements arising from and/or related to this agreement, except to the extent that such claims, demands, or liabilities, expenses, fines, penalties or money judgements are due to the fault of WWF Donor.

16. GOVERNMENT OFFICIALS & EMPLOYEES

WWF Recipient hereby agrees that no assistance, payments, or anything of value (monetary or non-monetary), shall be made, promised, offered to or accepted by any government employee or official (1) in contravention of any law or regulation of the country of WWF Donor; (2) without the express consent of the

government for which the employee or official works; and (3) that it is reasonable, *bona fide*, and directly related to the Activities funded under the Project Agreement. WWF Recipient hereby agrees that no payments or other form of assistance shall be accepted by or made to any government employee or official, including WWF Recipient, (a) to influence any official government act or decision, (b) to induce any government employee or official to do or omit to do, any act of violation of his or her lawful duty, or (c) to obtain or retain business for, or direct business to any individual or entity. It is WWF Recipient's responsibility to ensure compliance with this Clause, and to maintain and provide at WWF Donor's request, documentation demonstrating such compliance.

17. TERMINATION

17.1. If either party determines that the other party has committed a breach of the terms of the Project Agreement, that party may serve upon the other party a notice in writing requiring the breach to be remedied within thirty (30) days. If the party receiving such notice fails to remedy the breach within the time specified or if the breach cannot be remedied, the party who served the notice may serve another notice, in writing, terminating the Project Agreement without prejudice to any rights which may have accrued to either party. This second notice shall become effective upon receipt.

17.2. Either party may terminate the Project Agreement by giving three (3) months prior written notice to the other. The parties agree to consult with each other as to the effect of termination on the project and to assist each other in the smooth termination or transition of the project to other funding sources. The party terminating the Project Agreement shall be responsible for any reasonable costs incurred by the other as a result of such termination or transition.

17.3. If any Primary Donor identified in the Project Agreement suspends or terminates the Primary Agreement, WWF Donor may, in addition to its other termination rights set forth above, suspend or terminate the Project Agreement, by giving written notice to WWF Recipient accompanied by a copy of the notification received by WWF Donor from the Primary Donor. Such notice shall become effective upon receipt or on the date of suspension or termination specified by the Primary Donor whichever shall be the later.

17.4. WWF Donor shall not be obligated to pay for any expenses incurred by WWF Recipient after the effective date of any notice of termination. Upon its effective date, WWF Recipient shall stop work and take all reasonable steps to preserve and protect all work produced to date and comply with instructions from WWF Donor as to the disposition thereof. Upon

termination, WWF Recipient shall promptly submit to WWF Donor a final financial report in accordance with the Project Agreement.

18. FORCE MAJEURE

Neither WWF Donor nor WWF Recipient shall be liable if it is unable to continue, complete or otherwise perform its duties under the Project Agreement as a result of, war, riot, civil unrest, rebellion or other disturbance, epidemic, quarantine restrictions, labor disputes, embargoes, or acts of God or acts of any government which acts or events preclude continuation or completion of the Project.

19. COMPLIANCE WITH LAWS

WWF Recipient agrees to comply with all applicable laws, including all local labour and social laws.

20. WAIVER

The failure by either party to the Project Agreement to enforce any of the provisions of the Project Agreement shall in no way be considered a waiver of such provisions or in any way affect the validity of the Project Agreement.

21. SEVERABILITY

In the event that any provision of the Project Agreement shall for any reason be held to be invalid or unenforceable by any adjudicative body of competent jurisdiction, unless such provision goes to the root of the Project Agreement, the Project Agreement shall continue in full force and effect and shall be interpreted as if such provision had never been contained herein. In the event the provision goes to the root of the Project Agreement, the parties shall attempt in good faith to negotiate an amendment to the Project Agreement as necessary to fulfill the purpose of the Project Agreement.

22. AMENDMENTS

Any amendment to the terms of the Project Agreement shall be the subject of a supplementary written agreement between WWF Donor and WWF Recipient.

23. DISPUTE RESOLUTION

23.1. Both parties agree to abide by their obligations to each other under the Project Agreement in good faith, and to attempt to resolve any dispute that arises between them in a manner that minimizes any damage to the cause of conservation.

23.2. In the event the Parties are unable to resolve any dispute that either regards as of substantial importance, the dispute shall be resolved by binding arbitration in the country of WWF Donor or such other place as is acceptable to both parties. The Arbitration Board will consist of three arbitrators who must be qualified to serve as an arbitrator in WWF Donor's country. Both the board of WWF Recipient and the board of WWF Donor are allowed to appoint one arbitrator; the third will be appointed by the first two. If a third arbitrator cannot be appointed by the first two, the Director General of WWF International will appoint the third arbitrator from the limited pool.

24. CONTROLLING LAW

The Project Agreement shall be deemed a contract made under, and shall be construed and enforced in accordance with the law of the country of WWF Donor.

WWF INTRA-NETWORK CONTRACTING

NO Donors' Special Conditions

This document is NOT a Network Standard; it is just an additional and practical information given to the Project Agreement Template users.

This document compiles WWF Donor's special conditions. These conditions should be inserted in the paragraph "*Special Provisions*" of any Project Agreement issued between a WWF Implementing office and one of the WWF Donors below.

1. WWF-UK's special conditions:

- The total amount payable by WWF Donor will be restricted to the budget as stated in the reporting currency, up to a maximum Sterling cost of such amounts to WWF Donor of 110% of the budgeted rate of exchange.

2. WWF-US special conditions:

♦ Lobbying:

- Unless WWF otherwise consents in writing, Grantee agrees that no Agreement funds will be used for lobbying. "Lobbying" is defined as communications directed to government officials (or which encourage other persons to contact government officials) and with state or strongly imply a position on specific legislation.

WWF Intra-Network Contracting

◆ Government Officials and Employees:

- Grantee hereby certifies that no assistance, payments, or anything of value (monetary or non-monetary), shall be made, promised, offered to or accepted by any government employee or official:
 - (1) in contravention of any U.S. or other applicable law (including, but not limited to, the U.S. Foreign Corrupt Practices Act) or regulation;
 - (2) without the express consent of the government for which the employee or official works; and
 - (3) that is not reasonable, bona fide, and directly related to the activities funded under this Agreement.

It is Grantee's responsibility to ensure compliance with this clause, and to maintain, and provide at WWF's request, documentation demonstrating such compliance. Grantee hereby certifies that no payments or other form of assistance shall be accepted by or made to any government employee or official, including Grantee,

- (a) to influence any official government act or decision,
- (b) to induce any government employee or official to do or omit to do any act in violation of his or her lawful duty, or
- (c) to obtain or retain business for, or direct business to any individual or entity. Under no circumstances shall any payments or anything of value be made, promised, or offered to any U.S. Federal, State or local employee or official.

◆ Executive Order on Terrorism Financing:

- The Grantee is reminded that US Executive Orders and US law prohibits transactions with, and provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the Grantee to ensure compliance with these Executive Orders and laws. This provision must be included in all subcontracts/subawards issued under this Agreement.

If you have any further questions or wish to share comments, please contact:

Martine Maquet

Manager, Operational Network Standards

WWF International

mmaquet@wwfint.org

WWF OPERATIONAL NETWORK STANDARD

April 2008 changes highlighted in red in the text
October 2010 changes highlighted in blue in the text

STANDARD INTRA-NETWORK CONTRACTING

Frequently Asked Questions

In the following notes, “T&Cs” relates to Terms and Conditions. The terms “Standard contract” or “Standard WWF contract” relate to the package constituted by the T&Cs and the Project Agreement. [The Project Agreement can also be referred to as the “Funding Agreement”](#).

1) What is the purpose of the Standard WWF Intra-Network contract?

The Standard Terms and Conditions (T&Cs) and Project Agreement are intended for use in contractual relationships between WWF entities to support all Network conservation business (with the exception of expenses which are solely travel related – see below). No other agreement format is to be used for continuing use within the Network.

2) Can the Project Agreement be used for multiple projects?

Yes - As long as a table including projects' number, title and respective funding is included at the beginning of the agreement. Furthermore, the project descriptions can be either referenced in the WWF Project Database or their summary duly attached to the agreement in Annex 1. The respective budgets are to be attached to the agreement in Annex 2.

3) Should the T&Cs always be attached to the Project Agreement?

Yes - It is necessary for the legal integrity of the contract that the T&Cs be always attached to the Project Agreement.

4) What happens to the ongoing Umbrella Agreements/Sub agreements?

Several WWF entities have umbrella agreements between them under which sub agreements were issued. The umbrella agreements will not be terminated, but rather will be no longer be used in the future. All active sub agreements will remain in effect until the end of their identified terms.

5) Can we use the Standard T&C and Project Agreement for GAA Funding?

The new template can be used to transmit GAA funding to Network entities. Annex 4 is listed as optional as it is designed to include the GAA provisions, if applicable. The terms and conditions have language that references the Primary Donor (usually a GAA donor) where applicable; the project agreement has a section to identify the Primary Donor.

6) How do we contractually document “special relationships” between a Donor and a Recipient?

In this question, “special relationships” relate to the situation where Donor and Recipient agree on a co-operation which goes beyond the mere funding of individual projects (e.g. to create a more long term engagement, whereby the Recipient has more security to plan based on Donor’s intentions and strategic priorities, and the Donor gets more in return than just reports, but also field trips, media “stories”, and other fundraising and communications “products”).

The Standard Contract should be used, with Annex 1 described the nature of the enhancements to be captured in the “special relationship”.

7) How do we document funding which is solely travel related?

It is recommended that a travel grant be used when only travel and related expenses (hotel, meals, airport transfers, taxis, and conference fees) are being funded under a grant to another Network entity.

It is reminded to all WWF staff that air business travels should be considered only if absolutely necessary. Please refer to the **Carbon Offset Standard** for further details.

WWF Operational Network Standard

Intra-Network Contracting

8) Can signatures of the Project Agreement be faxed or scanned?

Whenever possible¹, Project Agreements signature (for issuance, receipt and filing) should be done electronically by either faxed or scanned copies; this is stated in the last paragraph of the template (section K) and in the Use of Network Contracts Standard, paragraph 2: Terms & Conditions.

9) What should be included in the Special Provisions clause (section I of the template)?

This section primarily will be used by WWF Donors to include provisions specific to contract management regulations in their own countries. Examples of section I for various donors will be available on [WWF Intranet](#). Any GAA provisions must be included in Attachment 4.

10) What payment plan should be adopted?

Three options are proposed in section F. However, since there is no WWF standard for payments (only a recommended best practice), it is recommended that WWF Donors tailor the template to capture their payment plan, adhering to the Network principle of providing adequate funding to the Recipient in a timely manner to implement the project. Please note that option 3 of the template is only an example of drafting.

[WWF Implementing offices that receive funding through the WWF Online Netting platform receive their Donor's instalments once a month.](#)

11) What constitutes adequate "Prior Written Approval" (clauses 2 & 3 of the T&Cs)?

"Prior written approval" may be done by email. It is recommended that all email correspondence for such approvals be as "formal" as possible to provide the necessary documentation should it be needed. All amendments should be issued with signatures as with the original agreement.

12) Are changes in budget lines allowed under the Standard WWF Contract?

Please refer to Clause 3.3 of the T&Cs. Communication on changes in budget lines are made through the quarterly financial reporting, except for the creation of major budget categories not approved in the original budget: these require prior written approval (see above question). Similarly, purchases of equipment and the use of consultants or sub recipients require prior written approval when the costs were not included in the original budget.

¹ i.e. allowed by the country laws

WWF Operational Network Standard

Intra-Network Contracting

13) How audited financial statements made available?

It is recommended that all statutory audits be posted on [WWF Intranet](#) for access and review by the WWF Donor. Requests for specific project audits should be at the expense of the WWF Donor; costs should be included in the project budget.

14) How can **Management** Costs be recovered under the Standard agreement?

Management costs are to be included in each project Budget, using the **Cost Recovery Standard**, unless not allowed by a Primary Donor. Bank fees are usually allowed by donors unless otherwise identified.

15) What happens to the Funding Agreement form previously used by WWF International?

The Funding Agreement form used by WWF International is superseded by the new Standard WWF contract.

16) What happens to the former “slow spending” rule of WWF Netherlands?

Slow spending is covered under the draft for Option 2 of the Project Agreement template: “in case of reasonable doubt with regard to compliance from WWF Recipient, with a provision in this Agreement (in a qualitative and/or quantitative sense), WWF Donor has a right to deviate from this schedule”. This means that planned funds transfers can be postponed during the contract period if spending is slow.

17) What should be shown in the “Project Agreement Number” field?

Every WWF Donor should provide a funding agreement’s reference number that appears in this field. This is the number that will appear in the R3F, the Funding Agreement Income and Expenditure report, prepared by the Implementing Office every quarter.

18) What should be shown in the “Project Location” field?

Insert the location where the project activities are being carried out. Be as specific as possible, preferably an ecoregion, if known, but you can also put “Global” if applicable.

WWF Operational Network Standard

Intra-Network Contracting

19) What is the Programme Implementation Agreement (PIA) referred to in the introduction?

The PIA is a memorandum of Understanding for large scale programmes. It does not supersede individual bi-lateral projects agreements, but acts as an "umbrella" for these. [Please check the WWF Intranet for information.](#)

20) Do amounts have to be stated in words?

Yes. Under clause D, amounts should be stated in words and figures (the latter in brackets).

21) The Bank details in section E (transmittal of funds) may not be sufficient to effect transfers. Can other details be added?

You may need to add the bank address, IBAN, currency, etc.: please put these details as appropriate in this section.

22) Does the 30 days window for comments by Donors apply from the date of submission of reports, even when reports are submitted before the deadline?

The intention is that the 30 days window starts at the latest of the due date and the date reports were posted to the Project database.

23) There's only room for one person to sign for WWF Donor. What do we do when signature rules require 2 signatures?

Please add relevant lines for multiple signatures when signatory limits require more than one signature per entity.

24) What goes into Annex 1?

[The Standard Project Proposal and – where necessary](#) - Terms of Reference will be attached to such proposal and constitute a part of it.

Where the contract is used to fund more than one project, the list of projects (and, if deemed necessary by the Donor, the underlying proposal) should be provided in Annex 1.

25) Should the Project Agreement have a footer and page numbers?

Yes – it is [essential](#) to add a [contract reference number](#) as a footer and number the Agreement's pages.

26) How should Project amendments be documented?

When additional funds are added or revisions required for the subsequent funding periods of a multiple year agreement, it is recommended that an Amendment letter be issued rather than another Project Agreement. [They should all refer to the initial Project Agreement reference number.](#)

Sample Amendment letters are available on WWF Intranet.

If you have any further questions or wish to share comments, please contact:

Martine Maquet
Manager, Operational Network Standards
WWF International
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WWF OPERATIONAL NETWORK STANDARD

NOTE: changes made in October 2010 highlighted in red in the text

THE USE OF CONSULTANTS – Part 1

Background:

Consultants are used extensively within WWF primarily to support program implementation. In most offices, the technical officer takes the lead in defining the Terms of Reference (TOR), objectives, activities, desired products, due dates for the deliverables, period of the contract, and the budget. Consistent Recommended Best Practice on the process for use of consultants did not previously exist in many WWF entities.

Purpose:

To set a standard for the use of consultants within the Network to provide a framework to the process and tools to mitigate potential related risks. Use of the terminology “consultant” is defined as individuals/companies who are selling services/expertise to WWF.

Standard:

As the risks for retaining consultants are similar in every country, each WWF entity must have a policy for the use of consultants, developed within the legal framework of its country of registration, which will include the following elements:

- ▶ **Step 1 - Identifying a Need**
- ▶ **Step 2 - Determining Risk**
- ▶ **Step 3 - Selecting a Consultant**
- ▶ **Step 4 - Agreement Preparation, Fee Negotiation, Review, and Execution**
- ▶ **Step 5 - Agreement Management, Approvals, Payments, and Close-Out**

WWF Operational Network Standard The Use of Consultants

Best Practice:

As each WWF entity exists within the legal framework of its country of registration, no one policy or standard agreement will be able to address the legal issues for consultancies. Therefore, WWF has developed a Recommended Best Practice on the process for use of consultants to support the Standard. This guidance is part of the standard's package and you will find it in Part 2.

Responsibility:

WWF offices are requested to post their policy on hiring consultants on WWF Intranet, under the relevant section of the Operational Network Standards' folder.

Attachments:

WWF also is providing sample documents via WWF Intranet:

- ▶ *Consultancy Request Form*
- ▶ *Consultant Reference Selection Form*
- ▶ *Consultancy Payment Conditions*
- ▶ *Template: Consultant Individual*
- ▶ *Template: Consultant Company*
- ▶ *Template: Consultant (Combined)*

If you have any further questions or wish to share comments, please contact:

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WWF Operational Network Standard The Use of Consultants

THE USE OF CONSULTANTS – Part 2

WWF RECOMMENDED BEST PRACTICE ON THE PROCESS FOR USE OF CONSULTANTS

Introduction:

WWF has developed a Recommended Best Practice to support the implementation of the related Network Standard for the use of consultants. The process includes the issues, policy recommendations, and elements of the good consulting practices aimed at supporting the program while reducing risk to the Organization.

Overview

- ▶ **Step 1 - Identifying a Need**
- ▶ **Step 2 - Determining Risk**
- ▶ **Step 3 - Selecting a Consultant**
- ▶ **Step 4 - Agreement Preparation, Fee Negotiation, Review, and Execution**
- ▶ **Step 5 - Agreement Management, Approvals, Payments, and Close-Out**

Step 1 - Identifying a Need: determine whether a consultant is needed.

A. What work needs to be done?

1. Identify the scope of work and outcomes within the project or programme framework.
2. Determine the timeframe for the work.
3. Verify that the task is consistent with WWF's core mission.

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B. Can the work be done internally?

1. Determine if staff resources are available internally.
2. Determine if the work can be done through a secondment by an employee of a WWF entity.
3. Verify that the scope requires a skill set or expertise that the WWF entity lacks.
4. Determine if the scope requires on-site work in an area where WWF does have a presence.

C. Should an employee be hired to do the work instead?

1. Identify the scope and length of time.
2. Determine if a short-term employee be more appropriate (refer to *set criteria distinguishing a consultant versus an employee*)
3. Verify that the work a consultant will be doing work does not, by virtue of the scope, location, duration, need for supervision, etc., qualify as an employee under local labor laws.

D. How will the work be funded?

1. Verify that funding is budgeted and available from the identified funding source.
2. Prepare a brief cost effectiveness analysis to determine the value of money for the work being requested.
3. Check for donor/government requirements or restrictions including need for prior approvals.

Step 2 - Determining Risk: manage potential risk.

- A. Employee v. Consultant: in many countries, labor laws require a person to be an employee if the person meets workplace criteria (such as working in the hiring entity's office, being supervised, or working for more than 6 months). Country laws need to be reviewed for any consulting assignment that has the appearance of an employee in relation to set criteria (sample provided in Annex 1), and HR and/or Legal Counsel need(s) to be consulted to verify the retention of a consultant is within the labor laws of the country of hire. There may be a loss of reputation and/or financial risk to WWF if a person is retained as a consultant when the indications are he or she should be an employee.
- B. Consultants with Multiple WWF Assignments: Consultants with multiple WWF assignments should be identified before contracting to ensure against a) delay or non delivery of outputs; b) over payment; or c) risk of being an employee versus a consultant.
- C. Consultants Acting as WWF Employees: Consultants should not represent WWF nor manage budgets nor supervise WWF employees. If it is programmatically necessary to have a consultant serve in such a capacity, then the situation must be reviewed by HR or Legal Counsel and approved by the Chief Operating Officer or equivalent.

WWF Operational Network Standard The Use of Consultants

- D. Conflict of Interest: each WWF has its own conflict of interest policy; a consultant must operate within such policy. (*Sample policies available upon request*)
- E. Government Employees as Consultants: if the identified consultant is an employee of a government agency, the consulting agreement should be issued to the government agency, not the individual; or the government agency must concur with the agreement. Such arrangements are prohibited in many countries. HR and/or Legal Counsel need(s) to be consulted as needed.
- F. Full Time Employees of any WWF or Other Organizations: if the potential consultant is fully employed by another WWF or any other organization, the consulting agreement needs to be issued to the organization where the person works. The time spent in providing “consulting” services is paid to the organization, not the individual.

Step 3 - Selecting A Consultant: determine how the consultant will be selected.

- A. More than one consultant should be considered for any task/engagement.
- B. Where to go for references or resources for consultants:
 - 1. *Internal References* – People in the organization with expertise on the scope of work needed.
 - 2. *Database* – Consultants or firms used in the past.
 - 3. *External References* – Colleagues, NGO or government contacts, associations/ membership organizations, vendors, industry.
 - 4. *Institutional Buyers* – If applicable, check the list to see if the need for a consultant (usually a firm) is covered by an institutional buyer or an institutional umbrella agreement.
- C. For all contracts over CHF 10'000.--¹, the requester, using a Consultant Reference Selection Form (see the list of sample documents), needs to have at least 3 documented contacts to verify that different options were considered. A documented contact can be obtained from telephone or email communication or from a written submission by the consultant. At a minimum, for each contact, the following information needs to be recorded: name and contact information, ability to do the work, availability, amount of the bid/estimate, and the reason the final consultant was selected. This form will be used during the approval process.
- D. In some situations, it may be appropriate to undertake a formal written bid process by issuing a request for a written proposal or a request for a written quotation (RFP/RFQ) based on a defined scope of work. This method is often used for large report production projects, websites, benefit and other service providers, and auditing.

¹ To be customized by WWF Offices for in-country situations and external donor requirements.

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- E. Sole Source: The requirement for three contacts may be waived by the supervisor for CHF 25'000.--¹ or less if there is written justification for a sole source. Only the Chief Operating Officer or Chief Finance Officer may approve a sole source determination for consultancies above CHF 25'000.--¹. There is a clear need for an expert in the field of study.
- F. Only a single consultant is capable of providing services with the appropriate expertise in the timeframe needed.
- G. Delaying the work for competition will jeopardize an important conservation objective.
- H. The new contract work is a continuation of work undertaken in a preceding contract. (Also see Step 4, Additional Recommended Reviews.)
- I. In evaluating potential consultants, keep in mind the following:
 - 1. Expertise and experience/capability related to particular tasks, problems, or issues identified in the Terms of Reference (TOR)
 - 2. Availability and deadlines
 - 3. Reputation and references including favorable working relationships with other international or reputable NGOs
 - 4. Work style, process, and approach compatible with the TOR and willingness to customize to WWF's needs
 - 5. Relationship with other personnel working on the project
 - 6. Requested fee (see Step 4-F, Negotiating a Fee)
 - 7. Payment terms
 - 8. Warranties/Guaranties
 - 9. Certifications/Licenses required
 - 10. Price breakdown, as appropriate
 - 11. Total cost v budget availability
 - 12. External donor requirements

Step 4 - Agreement Preparation, Fee Negotiation, Review & Execution

- A. A contract should be issued for all consultancies. See D. for discussion of formats.
- B. Contracts are prepared by designated, trained administrative staff in close consultation with the technical manager.
- C. Contracts are issued prior to any work being performed under the agreement using templates approved by Contracts, HR, or Legal Counsel of the WWF entity whenever possible (see D.).

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D. Contract formats may vary as follows:

1. The WWF recommended template is used when the scope of work is consistent with WWF's primary activities/areas of expertise; and the complexity, amount of the contract, donor requirements, and/or period of work require sufficient detail to accomplish the work.
2. WWF entities may determine to use purchase orders or letter agreements for consultant work or for vendor services below a certain monetary threshold, time limit, or complexity (translation services); each WWF entity will determine its own guidance to address such identified situations.
3. There may be existing WWF organizational agreements with consultant companies (not usually individuals) that could be amended to include new work.
4. For services of consultants for areas not of WWF focus or expertise (data management, marketing, auditing, legal services, etc.), a contract from the consultants/businesses may be more appropriate; this document needs to be reviewed within the procedures established by the WWF entity for applicability for WWF and to identify areas of negotiation prior to signing.

E. Ensure that all the critical details in the agreement are included

1. Clear TOR with specific outcomes *[TOR should be prepared by WWF. If written by the consultant, it must be edited and approved by the WWF technical lead; in this case, it is highly recommended that the TOR be divided into phases to allow for assessment of the work requirement that is needed by WWF, not just the expertise of the consultant.]*
2. Term is within the funding duration of the donor/project agreement if applicable
3. Deliverables
4. Due dates of each deliverable
5. Budget and Payment terms; use not to exceed language if not negotiated as a fixed fee [payments tied to deliverables rather than monthly payments – see next bullet on negotiating a fee]
6. Consultant taxes (VAT) calculated within the fee; clarify in the agreement whether the amount needs to be withheld for direct payment to the government subject to local laws
7. Quality or other expectations
8. Process for addressing late or unsatisfactory deliverables
9. Copyright, ownership of deliverables *[WWF usually retains copyrights on consultancies per the standard language of the consultant agreement]*
10. Confidentiality or disclosure issues
11. Key personnel/expert *[if a key person/expert is identified in a contract with a company and leaves the company, the company may propose a new expert; WWF has the right to refuse the proposed expert and then terminate the agreement]*
12. Who is the lead technical person for WWF; who can approve changes to the TOR
13. Donor requirements if applicable

WWF Operational Network Standard The Use of Consultants

F. Negotiating a fee

1. The fee should be negotiated for hourly or daily rate multiplied by the amount of reasonable time for the scope of work.
2. The rate should be clear as to cost per day, cost per hour, or cost for the whole TOR.
3. The rate should be based on: a) past experience, b) other consultants' fees for similar work, c) industry rate (if applicable), or d) a commensurate salary level plus 15% for consultant overhead *[to include consultant's computer, supplies, telephone costs, rent, maintenance of equipment, bank fees, etc.]*, as appropriate.
4. Any rate must comply with Primary Donor's requirements on consultant's hourly or daily rates if applicable.
5. The rate should be inclusive of insurance *[WWF should not provide health or travel insurance for a consultant directly, but adjust the fee as needed for the consultant to purchase such insurance as applicable]*
6. Consultant taxes (VAT) are calculated within the fee *[see E.6 for determining payment of taxes]*
7. Equipment should not be purchased for a consultant *[specialty equipment may be provided by WWF, but ownership stays with WWF]*
8. It is highly recommended that after the fee is negotiated fee, the agreement then be issued as a fixed fee whenever possible unless exceptional circumstances apply *[see 9. for payment guidance]*.
9. Payments should be tied to deliverables, not to weekly or monthly stipends *[the fee may be divided among interim or periodic deliverables necessary to accomplish the overall scope]*
10. No advance payment on fees should be negotiated unless mandated by local laws.
11. Advance payments should be negotiated for specific identified budgeted expenses only *[travel, per diem, long distance calls/faxes/internet costs while traveling, etc.]*; advances should not exceed the unpaid balance of the fee.

G. Additional recommended reviews (by HR, a Controller's Office, Legal Counsel, etc.) when agreements:

1. Are not on a WWF template or contain changes to a WWF template (i.e. change to copyright clause, request for insurance coverage, etc.)
2. Are for more than CHF 50'000.--¹ (including amendments)
3. Involve a former WWF employee
4. Involve government employees
5. Involve a consultant that has multiple contracts with the same WWF
6. Are for full-time work by an individual consultant for any period of time
7. Are for more than 6 months or for two or more consecutive contracts exceeding 6 months in duration
8. Involve a consultant who will be using WWF office space or equipment
9. Involve out-placed consultants (those working outside their home country)
10. Involve private benefit (to assist a consultant in improving the consultant's business for long-term profitability)

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H. Recommended review by other units for

1. Any consultant contracts involving IT issues should be reviewed by IT
2. Any consultant contracts involving insurance issues should be reviewed by the Administrative or HR unit or Controller's office
3. Any consultant contracts involving government funding should be reviewed by the GAA unit to include applicable provisions and donor restrictions

I. Signature: after the legal and other review and any revision or negotiations have been completed, a consulting agreement is signed by the authorized WWF signatory and co-signed by the consultant.

Step 5 - Management, Approvals, Payments, and Closeout

A. Management

1. Define the roles of the technical manager and the administrative staff in providing management and monitoring of consultants.
2. Use amendments for management purposes (revise scope/deliverables; increase/decrease funding; extend timeframe of agreement; termination – see #4).
3. Have a procedure to who communicates externally with consultant if WWF technical manager changes.
4. Establish guidelines for good monitoring practices.
5. Upon completion of the work, provide a documented evaluation of the performance for the file.

B. Receipt and Acceptance of Deliverables

1. Clearly identify all deliverables and the due dates.
2. Tie deliverables (including drafts or smaller pieces of the projects) to partial payments of the total fee.
3. The deliverables need to be approved by the technical manager prior to requesting the administrative team to process a payment.
4. Ensure that all deliverables are received on time and that they are acceptable.
5. If deliverables are late or unacceptable, payment can be withheld (provided that the contract linked payments to delivery and acceptance of deliverables).

C. Payment Processing

1. All invoices for payment on deliverables require approval of the technical manager and the administrative staff.
2. Payment is made after a good or service or deliverable has been received, accepted by the technical manager, and is found to be in compliance with contract provisions.
3. Payment is requested from and made by the accounting staff.
4. This approval confirms that
 - a. the invoice is correct or as agreed in the payment schedule; and

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- b. the goods or service or deliverable was received in compliance with the contract or agreement.
 - 5. A copy of the contract may be needed for a check request to confirm the validity or accuracy of a particular invoice or payment request.
- D. Dealing with Unsatisfactory Performance: if a deliverable or other performance is not satisfactory, the consultant should be notified immediately in writing. It is recommended that guidance be sought from the General Counsel's Office or outside counsel if the agreement needs to be terminated for any reason.
- E. Documentation and Closeout: establish a written policy for documentation of agreements, what needs to be in the file and where the file is kept. Recommended contents of a file include:
 - 1. Resume or background information from the consultant
 - 2. Selection process
 - 3. Negotiation information
 - 4. Routing form with signatures of approval
 - 5. Signed agreement
 - 6. Deliverables
 - 7. Invoices
 - 8. Correspondence with consultant on performance
 - 9. Closeout information with determination of satisfactory performance of the work
 - 10. Final evaluation
- F. Database: it is highly recommended that each WWF entity create a database of consultants which will include information on expertise, experience, references, work history with WWF, payment history, and an evaluation of the quality of the work.

Attachments:

- ▶ **Annex 1** - Classifying Workers as Employees or Consultants – Sample from WWF-US

WWF Operational Network Standard The Use of Consultants

Annex 1

Classifying Workers as Employees or Consultants – Sample from WWF-US

Under U.S. federal and state revenue laws, organizations must withhold income taxes and pay Social Security and unemployment taxes for employees, but not for consultants. If a worker has the characteristics of an employee, but the organization retains the worker as a consultant, the U.S. Internal Revenue Service (IRS) can assess the organization for twice the amount of the tax that should have been withheld retroactive to the worker's starting date. The IRS also may seek to impose criminal sanctions on the organization and individual officers.

The IRS considers "twenty factors" in determining whether a worker is an employee (*excepted from IRS Rev. Rul. 87-41*). Many of the factors concern the degree of control that an organization exercises over a worker. Examples of control that indicate employee status include:

- ▶ a worker who must comply with another person's instructions about when, where, and how to perform;
- ▶ a worker who must work substantially full time for the organization; and
- ▶ a worker who works on the organization's premises, especially when the work could be performed elsewhere.

Other factors indicating employee status include:

- ▶ supervision by the worker of other workers;
- ▶ payment to the worker on a weekly or monthly basis rather than payment for deliverables;
- ▶ furnishing by the organization of materials and equipment (e.g. computers); and
- ▶ the fact that the worker performs little or no work for other organizations.

Determining worker status is not a black and white issue, and the IRS is reluctant to indicate which of the 20 factors are most important. From the IRS "compliance checks" recently experienced by other nonprofit organizations, it is clear that the IRS tends to interpret the twenty factors in favor of employee status.

WWF OPERATIONAL NETWORK STANDARD

PROJECT BUDGETING

Overview:

What is this about?

The objective of this new standard is to create a common practice on project budgeting across the Network. It involves:

1. a summarized Project Budget Template ("B3") to be signed by technical and financial representatives;
2. a budgeting checklist to be reviewed and signed off by technical and financial representatives;
3. a detailed Project Budget Template (including the "B3" form).

It replaces the former *Project Budgeting Recommended Best Practice & Guidelines* and introduces, in addition to the detailed project budget template, a summarized budget template ("B3") which contains the minimum information to provide when preparing a project budget.

What should be delivered?

For <u>all</u> projects	<u>Signed</u> form "B3" (see <i>Annex 1</i>)
For projects <u>above</u> CHF 50'000	<u>Signed</u> form "B3" + Reviewed budgeting checklist (see <i>Annex 1</i>)
For projects <u>above</u> CHF 100'000	Detailed project budget ¹ (see <i>paragraph d. and suggested template in Annex 2</i>), including <u>signed</u> form "B3" + Reviewed budgeting checklist

¹ When submitting Project Proposals, Project Budgets should appear as Annex 4 of the Network Standard Proposal Form

WWF Operational Network Standard

Budgeting

Timing?

This standard becomes mandatory as of **1st January 2008** but can be applied before that date.

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▪ Annex 2 – Detailed Project Budget template, incl. “B3” (strongly recommended)	8

Background:

The Operational Standards Group² developed, in November 2002, a Recommended Best Practice on Project Budgeting together with a detailed Budget Template. Time has come to review these guidelines and, from a consultation throughout the Network, it has been decided that Project Budgeting will become a **Network Standard**.

Purpose:

To standardize the development of project budgets within WWF Network to guarantee important items in every budget are covered and to increase ownership of the budgeting exercise.

Standard:

a. When to issue a project budget?

A summary project budget (form “B3”) must be prepared in all cases.

² Formerly the “Financial Reporting and Accounting (FRA) Core Group”

WWF Operational Network Standard

Budgeting

b. Responsibility:

Although the Project Manager is ultimately responsible for the project budget, Finance staff, Project Administrators and/or Project Finance Officers have to be consulted and involved in the budgeting process. Their responsibility is to review assumptions and guarantee that financial figures are an adequate representation of project income and expenditure during the lifetime of the project.

c. Budgeting Checklist:

The **Budgeting Checklist** and its **Notes** (*Annex 1*) provide a list of points to check. It includes relevant items to every project budget and must be completed both by relevant Technical and F&A³ staff.

The checklist needs to be used for every project over CHF 50'000, independent of who the Donor is.

d. Budget Templates / Tools:

A summary budget template “**B3**” (*Annex 1 – page 7*) has been developed based on the “R3P” Financial Report format.

The use of this template is mandatory as minimum information to provide for the budget submission. The “**B3**” template is to be used by F&A² staff for performance analysis while the forms “**R3F**” and “**R3P**” remains the template to use for project reporting in all cases.

For projects above CHF 100'000, a more detailed budget is required which provides a breakdown of planned expenditure by major activity. The use of the **Detailed Budget Template** (see *Annex 2*) is therefore strongly recommended. **NB:** it aggregates the expenditure information automatically to the “**B3**”.

e. Approval Process:

The Budgeting Checklist needs to be reviewed (“ticked”) by both relevant Technical and Financial staff.

The Project Budget “**B3**” must be signed by the Project Manager or Technical representative as well as the Head of Finance & Administration (or their respective appointed representative).

Budget and Checklist⁴ must be submitted together for approval but only the Budget should be attached to the Project Proposal. Checklist⁵ will be filed by the office administration or submitted to Donor on request.

³ F&A = Finance and Administration

⁴ Where applicable

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Budgeting

f. Applicability

Every Network standard is meant to be used within the Network. They are obligatory for every relationship between WWF offices. Whenever possible, budget developers should apply this standard with External Donors.

However, in the case of this standard, if the Primary Donor does not allow the use of the “B3” form or the detailed budget template, the budget developer will have to use the format provided by the Primary Donor.

g. Important Considerations:

Remember that a good budget is essential to the long term success of WWF:

- Donor(s) can see that you are professional;
- Workplan is matched by detailed costs;
- Useful monitoring tool for forecasting and reporting back.

While a bad budget can:

- Cost money;
- Affect the achievement of project objectives negatively;
- Alter WWF’s credibility vis-à-vis Donors and others.

h. Budgeting General Recommendations:

Follow the rules and conditions as laid down by the Donor(s):

- Use their recommended budgeting and reporting template if any, otherwise use WWF mandatory (“B3”) or recommended detailed templates;
- Be consistent with the Donor funding rules.

Start with a detailed budget sheet, where you:

- Set down all assumptions;
- Cross-reference to activities in the workplan;
- Cost per unit and number of units;
- Any matching funds for specific costs;
- Make annotations if necessary;
- Pay attention to budget costs under the appropriate quarter (i.e. alignment with workplan).

If you have any further questions or wish to share comments, please contact:

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WWF Operational Network Standard

Budgeting

ANNEX 1 – BUDGETING CHECKLIST, NOTES + FORM B3 (MANDATORY)

Ref.	Technical Signoff ✓ or N/A	F&A Signoff ✓ or N/A	
1.			Ensure that the budget closely follows the workplan and includes only costs allowed by the Donor
2.			Ensure that the following costs are included:
2.1.			✓ For staff salary: social charges, staff insurance (medical, accident), vacations, pension that is relevant to each office. Includes all local and international staff who charge time to the project
2.2.			✓ Recruitment and relocation costs (a)
2.3.			✓ Employment termination costs
2.4.			✓ For consultants: fees + expenses and related taxes (e.g. VAT) (b)
2.5.			✓ Project travel. Document travel assumptions (e.g. air ticket and accommodation costs, number of trip, type of trip: international, domestic, fuel, subsistence) + add 5% to total air travel costs for carbon offset
2.6.			✓ Workshops - all related costs (including travel) + publications
2.7.			✓ Training costs. Document training assumptions (e.g. number of participants, training expert fees, air ticket and accommodation costs, number of trip, type of trip: international, domestic, fuel)
2.8.			✓ Communications costs including lay-out, editing, translating and printing and related taxes (e.g. VAT)
2.9.			✓ Put in a small contingency (up to 5 %) as costs - if allowed by the Donor or build contingencies into appropriate line items (c)
2.10.			✓ Financial audit(s) and Bank guarantee fees (if applicable) – Do you have a quote? Don't guess if you are not sure.
2.11.			✓ Legal fees (if applicable)
2.11.			✓ Lobbying costs - staff time and conservation time (if applicable)
2.12.			✓ Costs related to the closing of the project
2.13.			✓ Office running costs / common costs (d)
2.14.			✓ Field running costs (e)
2.15.			✓ Monitoring and evaluation. Check the % of this cost to the overall budget.
2.16.			✓ Capital assets costs (f)
2.17.			✓ Administrative overheads and/or other forms of cost recovery including management fees or common costs (g)
2.18.			✓ Direct payments to other organizations (for research, services)
2.19.			✓ Ensure sub grantees for program implementation or research provide detailed budgets
3.			Contract currency, foreign exchange-rate variations, separate bank accounts & interest gains:
3.1.			✓ Are you aware of donor conditions?
3.2.			✓ Are exchange rate fluctuations assumptions aligned with market forecasts (checked by F&A Manager) (h)
3.3.			✓ Inflation assumptions aligned with market forecasts (checked by F&A Manager)

WWF Operational Network Standard

Budgeting

4. Cash flow planning:
- | | | | |
|------|--|--|--|
| 4.1. | | | ✓ Know when the donor(s) will pay how much – have you aligned the project start date with the receipt of Donor's first instalment? |
| 4.2. | | | ✓ You have explored potential match funding sources and secured agreement (or about to) OR matching funds are clearly identified for specific budget items within the budget |
5. Compliance:
- | | | | |
|------|--|--|--|
| 5.1. | | | ✓ Budget components comply to all local statutory regulation and requirements (e.g. VAT treatment, social charges, etc.) |
| 5.2. | | | ✓ You understand and comply to non-WWF donors' requirements and know that the latter always take precedence |
| 5.3. | | | ✓ You have applied your local WWF procurement, audit, accounting, HR, and banking regulations. |
6. Other considerations:
- | | | | |
|------|--|--|---|
| 6.1. | | | ✓ The implementing office offer adequate financial and administrative capacity to deliver this project. |
| 6.2. | | | ✓ You clearly identified who is your Primary Donor. |
| 6.3. | | | ✓ Assumptions are clearly identified in the budget and can easily be available upon request |

NOTES TO THE BUDGETING CHECKLIST

- (a) For expatriate recruitment, ensure that housing costs and home leave airfare are budgeted
- (b) There is a specific Network Standard⁵ for engaging consultants⁶
- (c) If Donors do not accept a contingency based on a percentage, you should build contingency into specific budget lines
- (d) Office running costs / common costs:
- Rent/lease of premises and office equipment
 - Insurance
 - Telephone, e-mail, video conferencing, postage, courier, supplies
 - Maintenance (walls, floor, small equipment like faxes, photocopiers, etc.)
 - Utilities (heating, water, electricity)
 - Bank charges (bank transfer costs and fees)
- (e) Field running costs:
- Lease/Rental of field equipment/machinery
 - Field equipment related expenses like fuel, electricity, insurance, taxes, maintenance
 - Lease/Rental of field vehicles
 - Field vehicles related expenses like fuel, electricity, insurance, taxes, maintenance
 - Field utilities, supplies, clothes, allowances (e.g. food) provided to non-staff working at project site
- (f) Capital assets costs - equipment such as computers and cars (charged to GL code 58):
- Premises purchase or major improvement related costs (tax and legal costs to be included)
 - Land for conservation (cost of purchasing undeveloped land for protection. Don't forget to include tax and legal related fees)
 - Field infrastructure (cost of constructing bridges, roads, etc. - includes construction contractor fees & acquired real state, as well as engineers' costs)
 - Transportation equipment purchase like cars, trucks, boats, motorcycle
 - Support equipment purchases like furniture, radios, telephone systems, computers, scientific equipment, etc.
- (g) Must comply with Network Cost Recovery Standard⁷. Ensure Management Fee of not less than 12.5% budgeted if it relates to a WWF Network Donor from FY07 onwards.
- (h) For long-term projects (> 1 year), when multi-year budgets are prepared, avoid simplifying the assumptions by assuming a flat exchange rate across different years. This can be obtained from the financial market (via banks). Special attention should be taken when sub-contracting in other currencies.

⁵ "The Use of Consultants" Standard – Ctrl + click [here](#)

⁶ However, Primary Donor's restrictions always take precedence

⁷ "Cost Recovery" Standard – Ctrl + click [here](#)

WWF Operational Network Standard

Budgeting

BUDGET STANDARD FORMAT (as per the R3P standard format)

B3

PLEASE FILL IN THE PARTS IN RED

Prepared by: [author's name and title]
 Date: [date of budget]
 Office: [name of WWF office]
 For the period: [date to date] OR [FY n to FY n+?]
 Project: [Project Number and Title]

BUDGET RATES		
Donor 1	1 Euro =	XX ???
Donor 2	1 CHF =	XX ???
Donor 3	1 USD =	XX ???

PROJECT BUDGET

In: **[Currency]**

(*) Latest Budget Approved by Donor		ESTIMATES					
Account Code		Budget (*) FY n	Budget (*) FY n + 1	Budget (*) FY n + 2	Budget (*) FY n + 3	Budget (*) FY n + 4	TOTAL
	A - OPENING BALANCE - 1 July 20xx	0	0	0	0	0	0
	INCOME						
4300.3524	WWF International (PO levy)	0	0	0	0	0	0
4100 and 4200	WWF International (other than PO levy)	0	0	0	0	0	0
43xx	National Organizations (one line per NO)	0	0	0	0	0	0
43xx	National Organizations (one line per NO)	0	0	0	0	0	0
43xx	National Organizations (one line per NO)	0	0	0	0	0	0
43xx	National Organizations (one line per NO)	0	0	0	0	0	0
4340 to 4399	Other WWF	0	0	0	0	0	0
	Subtotal: from WWF sources	0	0	0	0	0	0
44xx	GAA (one line per GAA)	0	0	0	0	0	0
44xx	GAA (one line per GAA)	0	0	0	0	0	0
44xx	GAA (one line per GAA)	0	0	0	0	0	0
	Subtotal: from GAA sources	0	0	0	0	0	0
4199 and 4299	Other direct donations	0	0	0	0	0	0
4500 to 4899	Other income	0	0	0	0	0	0
	B - TOTAL INCOME	0	0	0	0	0	0
	C - TOTAL INCOME + OPENING BALANCE	0	0	0	0	0	0
	EXPENDITURE						
50xx	Staff Costs	0	0	0	0	0	0
51xx	Third Party Fees	0	0	0	0	0	0
52xx	Other Grants and Agreements	0	0	0	0	0	0
53xx	Travel & Subsistence **	0	0	0	0	0	0
54xx	Communication and Fundraising Costs	0	0	0	0	0	0
55xx	Workshop/Training Costs, Discretionary/Contingency	0	0	0	0	0	0
56xx	Office Running Costs	0	0	0	0	0	0
57xx	Field Running Costs	0	0	0	0	0	0
58xx	Capital Asset Costs	0	0	0	0	0	0
	Subtotal Direct Expenditure:	0	0	0	0	0	0
5900 to 5949	Management costs (12.5% or % allowed by Primary Donor)	0	0	0	0	0	0
60xx	Funding to WWF Network	0	0	0	0	0	0
	D - TOTAL EXPENDITURE	0	0	0	0	0	0
	E - PERMANENT TRANSFERS FROM (TO) OTHER PROJECT(S)	0	0	0	0	0	0
	F - CLOSING BALANCE (C-D+E)	0	0	0	0	0	0


Checklist and Budget Approval	Name	Date	Signature
Prepared by: (if different from Proj. Mgr)			
Project Manager or Technical Representative			
F&A Manager			

** : make sure that the Carbon Offset Standard has been applied to all air business travels!


WWF Operational Network Standard

Budgeting

ANNEX 2 – DETAILED PROJECT BUDGET (RECOMMENDED)



Please fill in the cells in RED - NB: if you add or delete rows in any of the "Activity" worksheets, you must amend the "Annual Detail" worksheet accordingly.



Project N°: [xxxxxx]

Project Title: [xxxxxx]

Activity Full Title: [xxxxxx]

Note: the Project number will be automatically reported in all other

Note: the Project title will be automatically reported in all other

Budget issued on: [date]

Budget prepared by: [author's name]

Office name: [name of WWF office]

DETAILED ACTIVITY SCHEDULE FORMAT: Note that this is illustrative both in format and in the G/L codes included - Activity 1

WWF G/L CODE REF.	CATEGORY	RATE	UNIT	FY n		FY n+1		FY n+2		FY n+3		FY n+4		PROJECT TOTAL	
				# Units	Cost	# Units	Cost	# Units	Cost	# Units	Cost	# Units	Cost	# Units	Cost
50	STAFF COSTS														
1	Salaries & Benefits, Outposted staff														
2		0.00	Year	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00
3		0.00	Year	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00
4		0.00	Year	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00
1	Salaries & Benefits, Local Hires														
2		0.00	Year	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00
3		0.00	Year	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00
4		0.00	Year	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00
50	TOTAL - STAFF COSTS														
51	THIRD PARTY FEES														
1	Consultant Fees	0.00	Day	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2		0.00	Day	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3		0.00	Day	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
1	Consultant expenses	0.00	Day	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2		0.00	Day	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3		0.00	Day	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
51	TOTAL - THIRD PARTY FEES														
52	OTHER GRANTS & AGREEMENTS														
1	Grants (to non-WWF entities)	n/a	n/a		0.00		0.00		0.00		0.00		0.00		0.00
2		n/a	n/a		0.00		0.00		0.00		0.00		0.00		0.00
1	Agreements (to non-WWF entities)	n/a	n/a		0.00		0.00		0.00		0.00		0.00		0.00
2		n/a	n/a		0.00		0.00		0.00		0.00		0.00		0.00
52	TOTAL - GRANTS & AGREEMENTS														
53	TRAVEL, MEETING & TRAINING COSTS														
1	Staff Travel:														
1	Staff - Air Fare	0.00	Rtrip	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2		0.00	Rtrip	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3		0.00	Rtrip	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	5% Carbon Offsetting for Air Travel	5.00%			0.00		0.00		0.00		0.00		0.00		0.00
1	Staff - Local Travel & Subsistence	0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2		0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3		0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	Workshops & Training:														
1	Workshops/Training: Registration Fees	0.00	p/W	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2		0.00	p/W	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3		0.00	p/W	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	Workshops/Training: Meals & Facility	0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2		0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3		0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	Participant Travel														
1		0.00	R/Trip	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2		0.00	R/Trip	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3		0.00	R/Trip	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	Participant Stipends/Expenses	0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2		0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3		0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	Hospitality	0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	Speaker's Fees & Expenses	0.00	Day	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
53	TOTAL - TRAVEL, MEETING & TRAINING COSTS														
54	COMMUNICATION & FUNDRAISING COSTS														
1	Research Materials and publications		n/a		0.00		0.00		0.00		0.00		0.00		0.00
1	Other		n/a		0.00		0.00		0.00		0.00		0.00		0.00
54	TOTAL - COMMUNICATION & FUNDRAISING COSTS														
55	MISCELLANEOUS COSTS														
1	Miscellaneous				0.00		0.00		0.00		0.00		0.00		0.00
55	TOTAL - MISCELLANEOUS COSTS														
56	OFFICE RUNNING COSTS														
1	Rental/Lease of office premises				0.00		0.00		0.00		0.00		0.00		0.00
1	Rental/Lease of office equipment				0.00		0.00		0.00		0.00		0.00		0.00
1	Office maintenance, Repairs & Cleaning				0.00		0.00		0.00		0.00		0.00		0.00
1	Office utilities & Insurance				0.00		0.00		0.00		0.00		0.00		0.00
1	Telecommunications (phone, fax, email, video)				0.00		0.00		0.00		0.00		0.00		0.00
1	Postage & Freight				0.00		0.00		0.00		0.00		0.00		0.00
1	Stationery & Supplies				0.00		0.00		0.00		0.00		0.00		0.00
1	Other office running costs				0.00		0.00		0.00		0.00		0.00		0.00
56	TOTAL - OFFICE RUNNING COSTS														
57	FIELD RUNNING COSTS														
1	Field equipment				0.00		0.00		0.00		0.00		0.00		0.00
1	Vehicles				0.00		0.00		0.00		0.00		0.00		0.00
1	Field infrastructure				0.00		0.00		0.00		0.00		0.00		0.00
1	Land				0.00		0.00		0.00		0.00		0.00		0.00
1	Other Field Costs				0.00		0.00		0.00		0.00		0.00		0.00
57	TOTAL - FIELD RUNNING COSTS														
58	CAPITAL ASSET COSTS														
1	Land & Buildings				0.00		0.00		0.00		0.00		0.00		0.00
1	Office Equipment				0.00		0.00		0.00		0.00		0.00		0.00
1	Field Equipment				0.00		0.00		0.00		0.00		0.00		0.00
1	Vehicles				0.00		0.00		0.00		0.00		0.00		0.00
1	Other Capital Outlays				0.00		0.00		0.00		0.00		0.00		0.00
1	Depreciation of Capitalized Assets				0.00		0.00		0.00		0.00		0.00		0.00
1	Gain/Loss on Fixed Asset Disposal				0.00		0.00		0.00		0.00		0.00		0.00
58	TOTAL - CAPITAL ASSET COSTS														
59	TOTAL DIRECT ACTIVITY COSTS														
59	MANAGEMENT COSTS														
1	Management Costs	12.50%													
59	TOTAL - MANAGEMENT COSTS														
60	FUNDING TO WWF NETWORK														
1	Contributions to WWF Network				0.00		0.00		0.00		0.00		0.00		0.00
60	TOTAL - FUNDING TO WWF NETWORK														
60	TOTAL PROJECT ACTIVITY COSTS														

WWF Operational Network Standard

Budgeting



PLEASE NOTE THAT THIS WORKSHEET WILL BE FILLED IN AUTOMATICALLY



Project Nr: [xxxxxx]
Project Title: [xxxxxx]
Budget issued on: [date]

Budget prepared by: [author's name]
Office name: [name of WWF office]

BUDGET SUMMARY FORMAT - Summary by Activity

Project Title: [xxxxxx]

CATEGORY	ACTIVITY 1	ACTIVITY 2	ACTIVITY 3	ACTIVITY 4	ACTIVITY 5	ACTIVITY 6	ACTIVITY 7	ACTIVITY 8	ACTIVITY 9	ACTIVITY 10	ACTIVITY 11	ACTIVITY 12	PROJECT TOTAL
PROJECT COSTS													
50 - STAFF COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
51 - THIRD PARTY FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
52 - OTHER GRANTS & AGREEMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
53 - TRAVEL, MEETING & TRAINING COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
54 - COMMUNICATION & FUNDRAISING COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
55 - MISCELLANEOUS COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
56 - OFFICE RUNNING COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
57 - FIELD RUNNING COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
58 - CAPITAL ASSET COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
59 - MANAGEMENT COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - FUNDING TO WWF NETWORK	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DIRECT COSTS (Without 59)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROJECT COSTS (Incl. 59)	0	0	0	0	0	0	0	0	0	0	0	0	0

WWF OPERATIONAL NETWORK STANDARD

HOW TO FILL IN THE DETAILED BUDGET TEMPLATE (*Incl. Form “B3”*)?

1. Introduction

1.1. *Do not be scared!*

First of all, don't be scared by the number of worksheets included in the budget template as most of the worksheets are either filled in automatically or tell you exactly what data to insert where.

1.2. *The Scope*

The template has been designed for a [Project](#) or [Programme](#) with several possible [Activities](#). It can be used for small projects with one activity or large programmes with up to 12 major activities. See following examples:

Example 1

- **PROJECT (Nr + Title)**
 - Activity (Nr + Title)
 - Activity (Nr + Title)
 - Etc.

Example 2

- ❖ **PROGRAMME (Nr + Title)**
 - **PROJECT (Nr + Title)**
 - Activity (Nr + Title)
 - Activity (Nr + Title)
 - Etc.
 - **PROJECT (Nr + Title)**
 - Activity (Nr + Title)
 - Activity (Nr + Title)
 - Etc.
 - **PROJECT (Nr + Title)**
 - Etc.

WWF Operational Network Recommended Best Practice Project Budgeting

1.3. The content

- Worksheets from “**Activity 1**” to “**Activity 12**” – **To fill in manually**
- Worksheet “**Form B3**”
 - Income: **To fill in manually**
 - Expenditure: **Automatically filled in**
- Worksheet “**Summary by Activity**” – **Automatically filled in**
- Worksheet “**Annual Detail**” – **Automatically filled in**

2. How to fill in the detailed budget template?

2.a.

Worksheets from “**Activity 1**” to “**Activity 12**”:

- Worksheets you must fill in manually.
- Only fill in the cells highlighted in **RED**.
- Useful comments are inserted in “Activity 1” or “Activity 2” – they are not repeated in other Activity worksheets. You can easily hide them by clicking on the “Hide All Comments” icon of the Excel tool bar OR select “View” and “Comments”.
- WWF General Ledger (GL) Codes titles are linked to the WWF Expenditure Account Description on Connect in “Activity 1” only.
- Project Nr, Title, Date of issue, Author’s + Office names, and Currency have to be filled in once in “Activity 1” ONLY. They are automatically reported in ALL other worksheets.
- Activity’s Full Title is to be filled in manually for each “Activity” worksheet.
- **Important!** If you add or delete rows in any of the “Activity” worksheets, you must amend the “Annual Detail” worksheet accordingly.

WWF Operational Network Recommended Best Practice Project Budgeting

2.b. Worksheet "Form B3"

- Two parts in this form: Income and Expenditure. Income data must be fill in manually and Expenditure data is automatically filled in with the data entered manually in worksheets 1 to 12 (where applicable).
- Under Income, only fill in the cells highlighted in **RED**.
- This worksheet contains an Income Data Summary ONLY. It does not provide the Income Data per Activity. If showing Income Data per Activity is a necessity, this worksheet can be copied and attached to relevant Activities' Expenditure Budget but titles and links must be adequately changed.
- The Total Project Costs and Closing Balance per year are filled in automatically.

2.c. Worksheet "Summary by Activity"

- Worksheet filled in automatically.

2.d. Worksheet "Annual Detail"

- Worksheet filled in automatically.
- **Important!** If rows have been added or deleted in one or several of the "Activity #" worksheets, the "Annual Detail" worksheet must be amended accordingly. How to do this? Simply by selecting the relevant Activity worksheet and the Annual Detail and modify them at the same time.

If you have any further questions or wish to share comments, please contact:

Martine Maquet
Manager, Operational Network Standards
WWF International
mmaquet@wwfint.org

WWF OPERATIONAL NETWORK STANDARD

November 2009 updates highlighted in blue

CARBON OFFSET

1. Background

WWF is at the forefront of the campaign to bring about drastic reductions in the main cause of climate change — greenhouse gas emissions, notably CO₂ — by actively lobbying politicians and engaging businesses and individuals to take action.

It is essential, therefore, that as a leading environmental organization, WWF sets the example by reducing its own contribution to climate change.

Failure to act on this now, will not only jeopardize our credibility, but also could weaken our position to build partnerships and push for change in other organizations.

2. Objectives, Scope and Timing

The objective of this standard is to create a common practice across the Network in order to comply with paragraph 17 of the [WWF Charter](#) and take steps to reduce the WWF Network's ecological footprint:

- All WWF offices must be [business air travel carbon neutral](#) and have a “Greenhouse Gas” strategy in place;
- As a general rule, the first priority is to reduce or avoid travels. When travel is necessary, then we must track and offset business air travel carbon emissions through the purchase of Gold Standards Carbon Credits.

This standard¹ should be applied by ALL WWF entities upon its publication.

¹ This standard replaces the papers issued by the Network Performance Analysis Unit (“NPA”): “*Becoming Carbon Neutral*”, and “*Network Carbon Emissions & Travel expenditure procedure: implementation guidelines*”.

WWF Operational Network Standard

Carbon Offset

3. Methodology and process

a. Minimise offices' CO₂ emissions

Reducing air travel requires a strong commitment to more careful meeting planning, and more effective use of alternative technologies.

Annex A contains guidelines and tips on planning/running meetings, and reducing overall travel.

b. Summary of Actions

#	WHAT TO DO?	WHEN?
Concerning carbon emissions, WWF Offices have (as a minimum) to:		
1	Budget the cost of carbon emissions due to business air travel (see paragraph c. below)	Every time a staff hired by the office ² is traveling for business purposes by air
2	Compile an inventory of air travels and calculate CO ₂ emissions by using <i>Climate Friendly</i> 's on-line tool which fully replaces the Excel CO ₂ calculator sheet as from FY2010	Throughout the year, finalized at the end of the fiscal year *
3	Offset CO ₂ emissions from business air travel Gold Standard Credits offset certificate	By 30 August – Every year
4	Report emissions, along with Gold Standard Credits offset certificate to NPA	Every year in time for the World Wide Overview deadline (usually early September).
5	Put a Greenhouse Gas Strategy in place to identify in-house emission reduction measures, and start implementing them where possible	From FY07

*: [most offices have a fiscal year going from July to June](#)

More detailed procedures can be found in Annex B.

² [Example](#): Ms Smith is hired by WWF International but she is physically based in Hanoi. The costs of her flights' carbon emission is budgeted and recorded by WWF International, not the WWF Greater Mekong PO.

WWF Operational Network Standard

Carbon Offset

c. Budget for the cost of carbon emissions due to business air travels

Sufficient funds should be budgeted to offset all planned and unplanned air travels. There are multiple options how this can be done.

We suggest two:

1. Budget for all WWF staff air business travels by multiplying the estimated tons of CO₂ by the latest available price^{3 4} (recommended).
2. Budget at certain “carbon offset rate” anytime a budget includes air travel costs for WWF Staff. The percentage should be sufficient to cover the office’s costs of carbon emissions.

d. Calculation of CO₂ emissions

All WWF offices should use Climate Friendly on-line tool for the calculation of the CO₂ emissions. Climate Friendly’s methodology is used to translate km/air legs travelled into CO₂ emissions to ensure consistent reporting across the Network.

e. CO₂ emissions

- Each Network entity offsets CO₂ emissions from business air travel by purchasing Gold Standard projects.
- Each Network needs to have a Greenhouse Gas Strategy in place.

Please refer to Annex B for more detailed procedures on Carbon Offset / Greenhouse Gas Strategy and Annex C for more information on Gold Standard.

4. Responsibilities

It is the direct responsibility of **WWF Chief Executive Officers** and **Office Representatives** to ensure their office is carbon neutral with respect to air business travel.

Each **WWF office’s designated “carbon” contact person** will ensure the reporting of reliable travel data by rolling out the Carbon Emissions On-Line tool within their office and ensuring completeness of the information at the end of each financial year.

³ Prices are available by asking directly to *Climate Friendly* or the Network Performance Analysis Unit at WWF Int.

⁴ The Detailed Project Budget includes an automatic calculation with a price per CO₂ ton set at CHF 31.-- on all staff business air travels. The price per ton must be updated each year in order to adequately offset CO₂ emissions.

Budgeting, tracking, reporting and payment of carbon offsetting are of the responsibility of the **office where the staff is hired** (i.e. the office which is including the staff member in its headcount).

5. Annexes

- **Annex A:** Guidelines on Meeting Planning & Management
- **Annex B:** Travel inventory, CO₂ emission calculation, Offset, Reporting, Annual Greenhouse plan
- **Annex C:** Information on the Gold Standard
- **Annex D:** List of contacts
- **Annex E:** Frequently Asked Questions

If you have any further questions or wish to share comments, please contact:

Zorana Davis

Manager

Network Performance Analysis Unit

WWF International

zdavis@wwfint.org

OR

Martine Maquet

Manager, Network Operational Standards

WWF International

mmaquet@wwfint.org

ANNEX A

Guidelines on meeting planning

1. When planning a meeting, first consider whether use of alternative technology would be an appropriate alternative either in place of all or part of the physical meeting. This may be telephone conference, video conference, or web meetings (e.g. WebEx).
2. If a physical meeting is indeed necessary, first state clearly what the objectives of the meeting are. If the meeting is for information sharing only, consider whether a physical meeting is really the right medium since there are many methods for effective information sharing these days. Priority should be for decision-making and consultation.
3. Once you know what must be accomplished at the meeting, list the minimum number of participants needed to meet the meetings objectives. Who really needs to be involved (versus who would be interested in being involved)? Who is empowered to make decisions? Try to avoid including defensive political attendance, or multiple representatives from the same office.
4. Based on the list of attendees, select the most rational location in terms of time, cost and ease of travel, availability of direct transport, and accessibility of appropriate facilities.
5. Send the agenda, objectives and background material in advance of the meeting to allow attendees time to be properly prepared.
6. Show your overall plan to other people for a reality check on the agenda, attendance and location of the meeting.

Guidelines on meeting management

Keeping in mind the cost of holding meetings (including travel, accommodation, hospitality and time spent by participants) and the negative effects on the environment, not least in terms of carbon emissions, every meeting must justify its having taken place at all. As a general rule, WWF meetings need to improve in terms of 'crispness', that is, structured agendas, clear objectives, and good behaviour on the part of meeting participants. This means avoiding long rambling, repetitive discussions. This means ensuring that decisions and agreements are arrived at. This means having an accurate record of the meeting so that those unable to attend or otherwise interested in the subject can be made aware of what took place.

There are two main elements to effective meetings: good chairing and disciplined participants.

1. The key to good meeting management is effective chairing. Every meeting needs a chair to shepherd the discussions to an appropriate conclusion and help avoid irrelevant or wandering discussions. The chair ensures the agenda is followed, or adapted as needed. The chair is also there to ensure the right level of discussion – avoiding delving into too great a level of detail (when the discussion should be strategic) or too philosophical (when the discussion should be operational or practical).
2. Participants should prepare for the meeting by reading all background material and getting further input on meeting content from others where needed. Participants must stay focused on the meeting, avoid wandering in and out of the meeting, contribute their ideas constructively, represent the interests of the group they are meant to represent, and contribute to arriving at conclusions and decisions. The responsibility for ensuring an effective meeting is a joint one – shared by the meeting planners, and the meeting participants.

ANNEX B

1. Air travel CO₂ emissions

Step 1: Travel inventory

- Each WWF entity prepares an inventory of domestic and international air travel⁵ throughout the financial year;
- The purpose of the inventory is to record flight details and distances to enable consistent carbon emissions calculations;
- The inventory is established throughout the year by recording all flights undertaken by each member of staff of the office on Climate Friendly's on-line tool (the Corporate Carbon Portal, also "CCP", or "Carbon Portal"). You will find it at <http://www.climatefriendlyportal.com/> ;
- The inventory should be completed by the 15th of July each year.

Step 2: CO₂ emissions calculations

- *Climate Friendly's* online-tool calculates each WWF office's CO₂ emissions (*obligatory step*).

Step 3: Offset

- Each office determines which Gold Standard projects to invest in for offset purposes by either purchasing directly from *Climate Friendly* (recommended) or by consulting www.cdmgoldstandard.org for other Gold Standard projects;
- Each office receives an offset certificate upon purchase of offsets.

Step 4: Reporting

- Each office sends a copy of its air offset certificate to the Network Performance Analysis Unit in order to meet the deadline of the Worldwide Overview;
- The NPAU prepares a yearly consolidation of the WWF Network's CO₂ emissions and offset on the basis of the information received from *Climate Friendly* and WWF offices.

2. Annual greenhouse gas plan

- Each office prepares an annual greenhouse gas plan, setting out its plans for reducing unnecessary travel and for shifting to other forms of communication.

⁵ This includes only the flights of staff hired by WWF. It excludes Board members, consultants and external guests.

ANNEX C

The Gold Standard

The **Gold Standard** is owned by a network of non-governmental supporter organizations. Through endorsement of the Gold Standard's principles, they have committed themselves to implementing the **Kyoto protocol** in the spirit of true and long-term emission reductions and sustainable development.

Initiated by **WWF**, **SSN** and **Helio International**, the **Gold Standard** for CDM projects was launched in 2003 after a wide-ranging stakeholder consultation among key actors of the carbon market as well as governments. A methodology for voluntary offset projects was launched in May 2006.

The **Gold Standard** is a non-profit foundation under Swiss Law and funded by public and private donors.

For more information, please consult the **Gold Standard** website www.cmdgoldstandard.org

ANNEX D**LIST OF CONTACTS****Climate Friendly**

James Lewis, Account Management Executive
4/11 Banksia Drive, Byron Bay, Australia 2481
Emails: wwf@climatefriendly.com (for general correspondence)
ccpsupport@climatefriendly.com (for Carbon Portal support)
Phone : +61 2 8115 0002

Gold Standard Secretariat

Michael Schlup, CEO
Email: michael@cdmgoldstandard.org.

Network Performance Analysis Unit

Zorana Davis, Manager, Network Performance Analysis Unit, WWF International, Gland (CH)
Email : zdavis@wwfint.org
Phone : +41 22 364 95 41

Sophie Mauroux, Network Performance Analyst, WWF International, Gland (CH)
Email: smauroux@wwfint.org
Phone: +41 22 364 90 34

Jill Forman, Network Performance Analyst, WWF International, Gland (CH)
Email : jforman@wwfint.org
Phone: +844 3719 3111 ext: 130

ANNEX E

FREQUENTLY ASKED QUESTIONS

Network's carbon emissions and travel expenditure
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1. Why did we put in place a centralized and standard procedure as opposed to leaving that responsibility to each office?
2. Why is it important that purchased carbon credits are gold standard approved?
3. How was *Climate Friendly* selected?
4. Why should all offices calculate their emissions through *Climate Friendly* and not just continue the way they have been proceeding before?
5. Why use *Climate Friendly* for offsetting?
6. Why doesn't *Climate Friendly* offer credits from projects in developing countries?
7. Do we get a discount by all going through *Climate Friendly*?
8. Why do we monitor and offset only air travel emissions?
9. How much will it cost?

-
1. Why did we put in place a centralized and standard procedure as opposed to leaving that responsibility to each office?

We want to be transparent and accountable network wide on the issue of travel and carbon emissions, and therefore be able to prove to the outside that the WWF network is monitoring, offsetting and reducing its carbon emissions. We need to be able to demonstrate that we “walk the talk”. Failure to do so as a *Network* creates a high reputation risk for our organization. (See the following example from the Times (UK) for an illustration of the risk we run: **A green snag they emitted to mention...**)

WWF Operational Network Standard

Carbon Offset

2. Why is it important that purchased carbon credits are Gold Standard approved?

Offset projects on the market can be treacherous: they can be large hydro dams, projects imposed against the will of local people, or reforestation projects without environmental considerations. WWF does not support these types of projects. Gold Standard sets a framework for assessing renewable energy and energy efficiency projects, projects that make a genuine reduction in CO₂ emissions as well as being of benefit to the host country and sustainable development.

3. How was *Climate Friendly* selected?

Climate Friendly was recommended by the Global Climate Change programme team for its method of calculating emissions. [This resulted from a survey where four providers were identified as 'good' and Climate Friendly was one of them.](#) In order to be credible we need to make sure that our processes are the best available.

4. Why should all offices calculate their emissions through *Climate Friendly* and not just continue the way they have been proceeding before?

CO₂ emission calculations should be the same for example for a New York-Berlin flight, no matter whether the distance is traveled by an employee based in Germany or one based in the US office. As there are different ways to calculate emissions, a central point for calculation ensures consistency of methodology, and therefore allows us to demonstrate a robust implementation of the carbon neutrality policy. It also ensures comparability of the data across the Network.

5. Why use *Climate Friendly* for offsetting?

Climate Friendly is one of the rare brokers that offer Gold Standard carbon credits. Also we can take advantage of being a network and therefore a large buyer. There is yet a shortage of supply of gold standard projects and they are usually pre-sold and difficult to purchase. WWF going through one single broker (*Climate Friendly*) can work with Gold Standard to develop more projects and create the supply that meets our needs (projects types and regional diversity). [However, if your office decides to use a different supplier, it has to make sure that the offsets are issued Gold Standard carbon credits.](#)

6. Why doesn't *Climate Friendly* offer credits from projects in developing countries?

Since it is a relatively new institution only very few Gold Standard approved credits are available for purchase at the moment and they are highly demanded. The Gold Standard credits in Africa were very quickly bought by the British government. However *Climate Friendly* is working with Gold Standard to create a range of relevant Gold Standard projects meeting WWF needs.

WWF Operational Network Standard

Carbon Offset

7. Do we get a discount by all going through *Climate Friendly*?

Yes, they are offering a 10 % discount on all their services.

8. Why do we monitor and offset only air travel emissions?

Emissions due to air travel represent the largest part of the network's total emissions; hence this is the priority first step; however we will later on extend the process to other types of [emissions at an appropriate time after Network discussion and agreement](#).

9. How much will it cost?

The retail market for carbon offsets is small and fragmented, but growing rapidly. Prices vary significantly, depending on the quality and location of the project and the mark-up imposed by the provider. *Climate Friendly's* Gold Standard price was Euro 20 (approximately 31CHF) per ton of CO₂ in August 2009. To have a better idea, WWF International paid roughly Euro 30,000 for a full year's offset. However the price fluctuates depending on the market supply and demand.

WWF OPERATIONAL NETWORK STANDARD

PREVENTION OF FRAUD & CORRUPTION

1. Background and Purpose:

WWF has zero tolerance to fraud and corruption and is greatly committed to an effective approach to its prevention and proactive management of any associated risks. Fraud and corruption are a threat to WWF's conservation mission, its assets and its reputation.

Therefore, the Operational Committee asked the Operational Standards Group ("OSG") to prepare a Network standard to ensure we approached this issue on a consistent basis Network wide.

The working group appointed by the OSG for this mandate agreed that it was not appropriate to draft a detailed Network standard due to differences in local legislations. Consequently, this standard has been designed to:

1. Ensure that all WWF offices have **a fraud and corruption prevention policy in place**, known and accepted by all their employees, board members and co-contractors¹, that complements the WWF core values and incorporates the common definition of fraudulent or corrupt activity as described in this standard.
2. Define appropriate measures to put into place to **prevent, deter, detect and communicate potential fraud and corruption**.
3. Provides good policies' **examples** from the Network.

2. Standard:

1. Every WWF office must commit to prevent fraud and corruption in any of its activities. As a first step, each WWF office must have a "Prevention of Fraud and Corruption" policy in place that is read, approved and signed by all employees and co-contractors.

¹ This includes hired consultants, volunteers, interim staff, other organizations' staff hired by WWF or working for WWF funded projects. Any person hosted by a WWF office (i.e. using the office premises) is also concerned.

WWF Operational Network Standard

Fraud & Corruption

2. The safety measures to put in place by each WWF office are the following:
- a. Clearly define fraudulent and corrupt activities which should cover, as a minimum, the following actions:
 - Theft of assets,
 - Misappropriation of funds,
 - Misuse of the organization's assets (e.g. using WWF vehicles privately without permission),
 - Deception (e.g. misrepresentation of qualifications to obtain employment),
 - Theft from a partner, customer or supplier,
 - The theft or misuse of proprietary data,
 - Theft of Intellectual Property,
 - Offering, promising or providing favors or money to public officials in pursuit of personal or WWF goals,
 - Providing contracts to third parties for the provider's personal benefit,
 - Intentional false accounting,
 - Intentional misleading reporting.
 - b. Increase awareness, make training mandatory for all staff (existing and new), organize information sessions, and encourage prevention.
 - c. Define standards of personal conduct for the office.
 - d. Define the responsibilities at different levels.
 - e. Promote and understand controls and methods of detection.
 - f. Identify a clear pathway for the investigation and reporting of fraud and corruption, including a whistle blowing policy.
 - g. Provide assurance that there will be no retaliation against well intentioned employees who report questionable activities.
 - h. Make sure each WWF manager and Board member signs a "conflict of interests" statement or a "register of interests" form once a year (example provided on WWF Intranet and shown in Annex 2).

3. Responsibilities:

WWF Chief Executive Officers and leaders of WWF's programme offices² are responsible for the promotion of a zero tolerance fraud/corruption environment in their office.

² **IMPORTANT NOTE:** WWF International Programme Offices are requested to follow WWF International internal policy on Fraud and Corruption available on WWF Intranet. The same applies to WWF-US Programme Offices.

WWF Operational Network Standard

Fraud & Corruption

In other words, they will ensure that:

- a. A local “Prevention of Fraud & Corruption” Policy is drafted (see point 2. above) and communicated to all employees and co-contractors and implemented in full.
 - b. Staff members³ and co-contractors read, approve and sign this policy.
 - c. Staff members and co-contractors have the necessary atmosphere in which to ensure compliance (e.g., there is an understood and accepted “zero-tolerance” rule vis-à-vis fraud/corruption, staff know how and to whom to address their concerns if fraud or corruption is suspected, etc.).
 - d. Clear responsibilities within the office are defined.
 - e. Reports of suspected fraud or corruption against a WWF staff member are immediately notified either:
 - directly to a member of the management, or
 - via a special hotline, to an independent and neutral external company, as appropriate. The information provided will be forwarded promptly to WWF for investigation. Callers to the special hotline may remain anonymous if they wish. The hotline numbers per country are set out in Annex 1.
- Important!** Allegations against a WWF Office which could jeopardize the entire WWF Network’s reputation are immediately reported to the Chief Operating Officer⁴ at WWF International. A response team would then be established to manage the relationships with Donors, media and other stakeholders.
- f. Recommendations for control improvements following any investigation are promptly communicated and implemented.
 - g. Their office posts a copy of their Fraud/Corruption policy² on WWF Intranet.

4. Timing:

Offices are expected to start implementing this standard from the **1st of July, 2011**. Full implementation is expected for FY13.

³ Existing and new

⁴ Ms Judy Slatyer - Direct line: +41 22 364 92 78

WWF Operational Network Standard

Fraud & Corruption

5. Compliance:

Compliance with issued Operational Network Standards (“ONS”) is reviewed through the ONS compliance process⁵. The Operational Committee will be alerted to any possible areas of non compliance with the present standard.

6. Examples of Policies from the Network:

All available on: [WWF Intranet – Operational Standards section](#).

1. WWF International policy on Fraud Prevention and Investigation
2. WWF-US policy on Fraud and Corruption
3. WWF-UK policy on Fraud Prevention and Investigation

7. Annexes:

Annex 1: Special Hotline Telephone Numbers per country

Annex 2: Example of “Conflict of Interest Policy and Form” – WWF-US, and Example of “Register of Interest” form – WWF-UK

If you have any further questions or wish to share comments, please contact:

Martine Maquet

Manager, Operational Network Standards

WWF International

mmaquet@wwfint.org

⁵ The ONS Compliance Process is an ONS audit performed once a year either by Donor NOs, Internal Auditors, Project Finance Analysts, Field Finance Managers or the Manager, Operational Network Standards (depending on which office is audited). Results are compiled and published on WWF Intranet, ONS section.

WWF Operational Network Standard

Fraud & Corruption

Annex 1: Special Hotline Telephone Numbers per country

WWF staff members who wish to make a report on suspected fraud or corruption to a neutral and independent company can call the free hotline number of their country (list provided below).

Callers may remain anonymous if they wish.

Note that calls from mobile phones are not free, and charges will vary as per the caller's provider.

Important: in their "Prevention of Fraud and Corruption Policy", National Organizations should only mention the number relevant for their country. The list below provides a special hotline number for all countries where WWF is present.

WWF Countries	Free Phone Active	Hotline Number
Australia	Yes	1800 121 889
Armenia	No	0044 1 249 661 808 (collect call)
Austria	Yes	0800 281700
Azerbaijan	No	0044 1 249 661 808 (collect call)
Belgium	Yes	0800 71025
Belize	No	0044 1 249 661 808 (collect call)
Bhutan	No	0044 1 249 661 808 (collect call)
Bolivia	No	0044 1 249 661 808 (collect call)
Brazil	Yes	0800 891 8807
Bulgaria	Yes	00800 110 44 74
Cambodia	No	0044 1 249 661 808 (collect call)
Cameroon	No	0044 1 249 661 808 (collect call)
Canada	Yes	1888 268 5816
Cape Verde Islands	No	0044 1 249 661 808 (collect call)
Central African Republic	No	0044 1 249 661 808 (collect call)
Chile	Yes	123 002 004 12
China North (China Netcom)	Yes	00800 3838 3000
China South (China Telecom)	Yes	10800 441 0078
Columbia	Yes	01800-944 4796
Cook Islands	No	0044 1 249 661 808 (collect call)
Costa Rica	Yes	8000440101
Democratic Republic of Congo	No	0044 1 249 661 808 (collect call)
Denmark	Yes	8088 4368
Ecuador	No	0044 1 249 661 808 (collect call)

WWF Operational Network Standard

Fraud & Corruption

WWF Countries	Free Phone Active	Hotline Number
Fiji	No	0044 1 249 661 808 (collect call)
Finland	Yes	0800 116773
France	Yes	0800 900240
French Guyana	No	0044 1 249 661 808 (collect call)
Gabon	No	0044 1 249 661 808 (collect call)
Galapagos	No	0044 1 249 661 808 (collect call)
Gambia	No	0044 1 249 661 808 (collect call)
Georgia	No	0044 1 249 661 808 (collect call)
Germany	Yes	0800 182 3246
Ghana	No	0044 1 249 661 808 (collect call)
Greece	Yes	00800 441 31422
Guatemala	No	0044 1 249 661 808 (collect call)
Guianas	No	0044 1 249 661 808 (collect call)
Guyana	No	0044 1 249 661 808 (collect call)
Honduras	No	0044 1 249 661 808 (collect call)
Hong Kong	Yes	800 930770
Hungary	Yes	06800 14863
India	Yes	000 800 440 1286
Indonesia	Yes	001 803 0441 1201
Italy	Yes	800 783776
Japan	Yes	00531 78 0023
Kenya	No	0044 1 249 661 808 (collect call)
Laos	No	0044 1 249 661 808 (collect call)
Madagascar	No	0044 1 249 661 808 (collect call)
Malawi	No	0044 1 249 661 808 (collect call)
Malaysia	Yes	1800 807055
Mauretania	No	0044 1 249 661 808 (collect call)
Mexico	Yes	01800 123 0193
Mongolia	No	0044 1 249 661 808 (collect call)
Mozambique	No	0044 1 249 661 808 (collect call)
Namibia	No	0044 1 249 661 808 (collect call)
Nepal	No	0044 1 249 661 808 (collect call)
Netherlands	Yes	0800 022 9026
New Zealand	Yes	0800 443 816
Niger	No	0044 1 249 661 808 (collect call)
Norway	Yes	800 14870

WWF Operational Network Standard

Fraud & Corruption

WWF Countries	Free Phone Active	Hotline Number
Pakistan	No	00800 900 44181 OR via UK # 0044 1249 661 808 (collect call via operator only)
Panama	No	0044 1 249 661 808 (collect call)
Papua New Guinea	No	0044 1 249 661 808 (collect call)
Paraguay	No	0044 1 249 661 808 (collect call)
Peru	No	0044 1 249 661 808 (collect call)
Philippines	Yes	1800 1442 0076
Poland	Yes	00800 441 2392
Puerto Rico	Yes	1866 293 1804
Romania	Yes	08008 94440
Russia	Yes	810 800 2058 2044
Rwanda	No	0044 1 249 661 808 (collect call)
Senegal	No	0044 1 249 661 808 (collect call)
Singapore	Yes	800 4411 140
Solomon Islands	No	0044 1 249 661 808 (collect call)
South Africa	Yes	0800 990520
Spain	Yes	900 944401
Suriname	No	0044 1 249 661 808 (collect call)
Sweden	Yes	0200 285415
Switzerland	Yes	0800 563823
Tanzania	No	0044 1 249 661 808 (collect call)
Thailand	Yes	001 800 442 078
Tunisia	No	0044 1 249 661 808 (collect call)
Turkey	Yes	00800 4463 2066
Uganda	No	0044 1 249 661 808 (collect call)
United Arab Emirates	Yes	8000 44 138 73
United Kingdom	Yes	0800 374199
United States	Yes	1877 533 5310
Venezuela	Yes	0800 100 3199
Vietnam	No	120 11527
Zambia	No	0044 1 249 661 808 (collect call)
Zimbabwe	No	0044 1 249 661 808 (collect call)

Annex 2 - Examples of “Conflict of Interest” and “Interests Register” forms

WWF-US Conflict of Interest Policy and Form – 2010

All Staff: Please review, and direct any questions to the General Counsel's office.

Senior Staff: Please complete the Acknowledgment and Disclosure Form that appears at the bottom of this document by September 10.

Conflict of Interest – 2010

This is the annual reminder of WWF's Conflict of Interest policy, which appears below. Please take the time to read this memo and the policy. Every member of the WWF-US staff is required to be familiar with and in compliance with the Conflict of Interest policy. In addition, senior staff must make annual disclosure, as described below.

What is "Conflict of Interest"?

We have been asked what is meant by "conflict of interest." There is no substitute for reading the policy, which we encourage you to do. But in short, there is a potential conflict in any situation in which questions might be raised whether a decision was made solely for the benefit of WWF and to advance the cause of conservation, or whether there were competing concerns, most notably gain or favor for an individual associated with WWF, his or her family, or organizations related to such persons.

For instance, the following would present potential conflicts:

- a department is evaluating a proposal from a consultant who has a close relative on our staff
- a proposed recipient of an award or stipend is related to someone at WWF
- an employee wishes to serve on the board of a local conservation organization or an advisory committee of a corporate partner
- a staff member who volunteers for another organization is asked by that organization to fundraise
- a vendor offers a staff member baseball tickets or merchandise valued at more than \$50

These are only a few examples meant to illustrate the concept of possible conflict of interest. In some cases, the relationships that implicate our Conflict of Interest policy may also raise issues under WWF's Outside Activities and Compensation for Outside Work policy (a copy of which is attached). In each instance, the situation needs to be disclosed and reviewed *in advance* as described below. Staff members are required to be familiar with both of these policies and are accountable for compliance with them. Margaret Ackerley, David Flickinger, Monica Irvine, and Rachel Howell in the General Counsel's Office are happy to answer questions about the policies and any specific situations.

WWF Operational Network Standard

Fraud & Corruption

Required Disclosure

All staff. Staff with a potential conflict of interest must make disclosure of the situation and all relevant facts to the President at the earliest possible juncture (and well before any decision is made or expected regarding the particular situation that raises conflicts concerns.) Staff should consult their supervisor and departmental Senior Vice President or Head of Office in preparing the disclosure briefing documents for the President's review. The General Counsel's Office is happy to help.

Senior staff. In addition to the ongoing obligations of all staff members to disclose potential conflict situations to the President, senior staff must execute an "Annual Acknowledgment and Disclosure Statement," a copy of which is attached. *"Senior staff" is defined for US-based staff as senior specialist and higher, and for field-based staff as director or higher.* Annual disclosure of relationships and potential conflicts does not relieve staff of the obligation to raise a particular potential conflict when it arises.

Please direct any questions to the General Counsel's Office.

Annual Acknowledgment and Disclosure Statement Form To be returned to Maria Subiza by September 10, 2010:

_____ I have read and subscribe to the above Conflict of Interest Policy. To the best of my knowledge, I have no conflicts as described in this policy.

Signature

Date

Name (please print)

OR

_____ I have read and subscribe to the above Conflict of Interest Policy. To the best of my knowledge, I have no conflicts as described in this policy, except those noted below or on the attached paper.

Signature

Date

Name (please print)

WWF-US - 2010

WWF Operational Network Standard

Fraud & Corruption

Annex 2 (cont'd) - Examples of “Conflict of Interest” and “Interests Register” forms

WWF-UK Register of Interests Form – 2010

WWF-UK REGISTER OF EMPLOYEE'S INTERESTS

NAME OF EMPLOYEE:		
Trustee or Connected person (see guidance notes) and nature of connection to employee	Name of Organisation	Dates

I confirm these details are correct for the period 01 July 2009 to 30 June 2010

Signature of employee:

--

Please return to Chris Clark in Finance, Panda House

WWF Operational Network Standard

Fraud & Corruption

TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

Where WWF-UK enters into any material transaction, contract or other arrangement including a grant with any connected person (see below), the amounts involved and the terms and conditions should be disclosed in the notes to the accounts.

Employees' remuneration under contracts of employment is exempt from this requirement.

Transactions directly or indirectly involving WWF-UK Trustees personally or persons with a family or business connection with them should always be regarded as material; the fact, the name of the recipient and the source and amount must be disclosed in a note to the accounts.

CONNECTED PERSONS

Connected Persons are persons who at any time between 1st July 2008 and 30th June 2010 are or were:

- (a) Trustees of WWF-UK;
- (b) Persons who hold or held the title to property or investments of WWF-UK;
- (c) Donors of material assets to WWF-UK;
- (d) Any child, parent, grandchild, grandparent, brother or sister of any person mentioned in (a) to (c);
- (e) Any officer, employee or agent of WWF-UK or WWF-UK Trading Limited
- (f) The spouse or civil partner of any person mentioned in (a) to (e);
- (g) Any person carrying on business in partnership with any person mentioned in (a) to (f)
- (h) Any firm or institution, controlled by one or more persons when taken together, mentioned in (a) to (g)
- (i) Anybody corporate in which any "connected person" mentioned in (a) to (h) has a substantial interest, or in which two or more such persons taken together have a substantial interest.

WWF-UK - 2010

WWF OPERATIONAL NETWORK STANDARD

PREVENTION OF FRAUD AND CORRUPTION

FREQUENTLY ASKED QUESTIONS

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SECTION ONE – For Fraud/Corruption Focal Points

1. Is my CEO aware of this standard?

Yes. A memorandum from WWF International's Chief Operating Officer has been sent directly to your office's Chief Executive Officer in August 2011. This memo was officially introducing the new Network Standard on the prevention of fraud and corruption, highlighting the importance of the commitment and support from all CEOs in its implementation.

WWF Operational Network Standard Fraud & Corruption FAQs

2. When will this new standard be implemented?

FY12 is considered as an “implementation” year during which National Organizations will:

- Draft their own policy on the prevention of fraud and corruption, and
- Train their local and field staff on the prevention of fraud and corruption.

From the 1st of July 2012 (FY13), all WWF offices should have a fraud and corruption policy in place and all WWF employees should be adequately trained.

3. What is the role of the Fraud/Corruption Focal Points?

As the official fraud and corruption focal point for your office, your role is to:

- Communicate and implement the new standard in your office.
- Draft your office's own “fraud and corruption policy”.
- Contribute to the development of the training material (phase II) in collaboration with the Manager, Operational Network Standards¹.
- Train your office's staff members (including Programme Office and other field offices staff).
- Report all comments/suggestions/issues linked to this standard to the Manager, Operational Network Standards.

4. What is Training Phase I about?

This first training phase will help WWF offices - through their Fraud/Corruption Focal Point - to:

- Choose their policy model and adapt it to their office, and
- Implement the new policy in their office through a defined process.

This session will also allow focal points to raise questions and contribute to the training session Phase II (process and content).

5. What is the deadline to issue my office's policy on fraud and corruption?

There is no set deadline but we do encourage National Organizations to issue their policy on fraud and corruption before the 30th of January 2012, before Training Phase II takes place.

¹ ONS Manager : Martine Maquet - mmaquet@wwfint.org

WWF Operational Network Standard Fraud & Corruption FAQs

6. What should I do before communicating this new policy to my office's employees?

Before the policy is officially communicated to your staff, make sure it has been reviewed and approved by your office Board and by your office legal advisor.

7. How should my office communicate this new policy to its employees?

All WWF employees should be informed about the existence of this new policy by their line manager and a formal written notice should also be sent to them by either the CEO or the Human Resources department.

An information session should also quickly follow this notification to let staff members know about the policy's implementation process and training plan in FY12.

8. What should I do after communicating this new policy to my office's employees?

Upload a copy of your policy on OneWWF, Operational Network Standards workspace, Fraud and Corruption sub-folder, section "Policies from the Network".

Identify who in your office should follow Training Phase II with you, if necessary.

Register yourself and your selected colleagues to one "Training Phase II" session. NB: a training calendar will be shared with you in January 2012.

Book a date between February and June 2012 to train your local and field staff on fraud and corruption (Training Phase II). It is important to note that this training is for ALL employees, without any exception.

9. What is Training Phase II about?

This second phase of training will introduce Fraud/Corruption Focal Points, as well as other selected SMT members and employees, to the training material they will use to train their own office's staff members on fraud and corruption. Through several case studies, quiz and exercises, this training will help participants to:

WWF Operational Network Standard Fraud & Corruption FAQs

- Increase awareness in their office;
- Define prevention measures;
- Adequately manage potential reported cases;
- Communicate well with different stakeholders (Donors, media, WWF Network, etc.)

SECTION TWO – For all WWF employees

10. Who is answering the “Whistle Blowing” special phone line?

WWF employees who wish to remain anonymous (or not) can make a report by calling an independent special phone line that will be answered by a neutral outside company. This company's name is Expolink UK Ltd and is based in the UK.

Expolink operates its service in every country worldwide, and offers its service in over 200 languages. So WWF employees can report in their own language if they wish.

Services provided by Expolink are paid by WWF International. All calls made via the special phone line are free of charge for WWF employees, except for Pakistan where only toll calls or collect calls via operator are possible.

11. Should I test the “Whistle Blowing” special phone line?

YES! Expolink strongly encourages each WWF office to TEST the special phone line.

All calls which do not reach Expolink, or are not answered in local language, or which are not treated as you wish should be immediately reported by email to the Manager¹, Operational Network Standards.

NB: calls are first answered in English and you must ask for an interpreter if you wish to talk in another language, and 2) the average time to get in touch with the interpreter is about 40 seconds.

12. What happens when a report is made via the Special Phone Line?

When a WWF employee calls the special phone line answered by Expolink, the process is the following:

- An Expolink employee answers the call in English first.

WWF Operational Network Standard Fraud & Corruption FAQs

- If the WWF employee does not speak English or wishes to talk in another language, an interpreter is immediately invited to join the conversation.
- Then, the Expolink employee (via the interpreter if the conversation is not in English) asks **questions relevant to what is told by the WWF employee.**

NB: as every call is different, the operator will use different approaches; Expolink performs “psychometric questioning”, which involves asking a question in a particular way and then, a little later, asking the same question in a different way. This is to do two things, firstly to make sure the Expolink employee is capturing all of the facts, and secondly it can indicate if the employee might not be telling the truth. But this is still very hard to determine via the telephone, web or email. This is why Expolink also encourages employees to give all of their details so WWF can have dialogue with them, if necessary.

- All the information is hand written during the course of the conversation by the Expolink employee.
- If there is proof/evidence of fraud or corruption, then the Expolink employee discusses how it can be passed on to Expolink.
- Once the caller has left the conversation, the hand written notes are typed up on a special computer and saved, as a PDF, to a floppy disk drive.
- The floppy disk is then placed in a safe.
- The Expolink Client Care Team then collects the disk and get in touch with a WWF nominated authorised recipient to make sure they are available to receive the report.
- If available, the report is then encrypted and emailed across to the WWF recipient.
- Once the WWF recipient has received it, they then confirm receipt back to Expolink.
- Upon confirmation from WWF, Expolink then destroys all of the information relating to the report as follows:
 - Hand written notes are cross shredded;
 - The computer the report was typed up on is Guttman wiped, as is the floppy disk;
 - Temporary files are deleted and Guttman wiped on the machine used to send the report + the sent email is Guttman wiped.
- Expolink holds none of the details relating to the report. All they retain is the date, time, country of origin, category of report and if feedback is required – this is for WWF monthly management reports.

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13. What happens if malicious/frivolous allegations are reported through Expolink?

If the Expolink service and its purpose are clearly communicated, then WWF employees tend to use it as intended. The problem a lot of global organizations face, is that they often don't communicate it effectively or on a regular basis.

Optional Service from Expolink: also, the line could be restricted to concerns or allegations of a serious nature and Expolink could re-direct employees with HR issues if WWF wishes too. This is to make sure WWF employees follow the proper internal WWF process and, more importantly, be aware that WWF takes it seriously, which should deter malicious/frivolous allegations. **NB:** note though that this service is **not yet included** in our package with Expolink. Offices who are interested in this should let the ONS Manager¹ know by email.

14. Is Expolink assessing the validity/seriousness of the allegations?

Absolutely, but they have a legal and contractual obligation to take a call if someone insists.

Also, their ability to assess is obviously limited because it's not for Expolink to determine the validity without clear instructions/guidance from WWF.

15. If the allegations are found unjustified or false during the conversation, does Expolink still send a report to WWF International contact person?

Yes, it's the service WWF is currently paying for.

16. Is the Fraud and Corruption policy applicable to TRAFFIC staff which is either housed in the same building, is funded by WWF or is hired by WWF through proper legal channels?

Yes. The Fraud and Corruption policy applies to ALL WWF staff but also to hired consultants, volunteers, interim staff, other organizations' staff hired by WWF or working for WWF projects, and board members. Any person hosted by a WWF office (i.e. using the office premises) is also concerned.

WWF Operational Network Standard Fraud & Corruption FAQs

17. Next question...

This is a live document that will be updated on a regular basis with your questions and our answers.

If you wish to add a question to this document, please contact Martine Maquet at WWF International (mmaquet@wwfint.org).



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WWF OPERATIONAL NETWORK RECOMMENDED BEST PRACTICE

October 2010 changes highlighted in blue in the text

FUNDS TRANSFER

Background

- The funds transfers schedule is a repository of NOs' timetables for transferring funds to implementing offices.
- A review of funds transfers practices across the Network has shown that:
 - * Attempts to standardise the funds transfer calendar across the network cause several difficulties to many Network Donors; and
 - * Differing funds transfer calendars do not create significant problems in the field.
- I.e.: the existing mixture of funds transfer timetables is manageable, although requiring careful management by the recipient offices.
- As a result, the **Operational Standards Group ("OSG")** has agreed to downgrade the "standard" payment schedule to a recommended policy (40%, 25%, 25%, and 10% in, respectively, July, November, March and May). The slow spending rule, which was agreed by user groups representative of the Network in April 2000, continues to apply (please see below).
- The **OSG** also agreed that a clear record of the funds transfer policies should be maintained and made available to enable field staff to confidently plan their cash flow. The funds transfers schedule constitutes this record.

WWF Operational Network Standard

Best Practice

- Some WWF NO Donors (currently WWF NL, WWF UK, WWF US and WWF International) are channelling payments to the WWF Network via the **WWF Online Netting platform**. All WWF recipient offices receive one monthly payment combining all funds from these four organizations. Please refer to the WWF Online Netting procedures for more information or contact **Ingrid Wijnen**, WWF-Netherlands (iwijnen@wwf.nl).

Slow spending

- WWF Network Donors will withhold a transfer if none of the previously transferred amount has been spent: i.e. in case of quarterly transfers, NOs will withhold a transfer if spending is more than one quarter behind.
- **Implementing Offices** can always contact the **WWF Donors** for special arrangements or explanations as to why the full transfer should be made even though spending is slow.

How is the schedule kept up to date?

Donor NOs must advise **Martine Maquet** of any changes to the funds transfer timetable.

If you have any further questions or wish to share comments, please contact:

Martine Maquet

Manager, Operational Network Standards

WWF International

mmaquet@wwfint.org

FUNDS TRANSFERS SCHEDULE

Transfers shown as percentages of budgeted funds.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Comments
Recommended Best Practice	40				25				25		10		In percentages of budgeted funds for the financial year.
Australia													N/A - dictated by primary donors
Austria	25				25				25		25		
Belgium													Response outstanding
Brazil													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Canada													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Denmark													Response outstanding
Finland													Case by case - depends on project
France													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Germany	30				25				25		20		Depends on individual contract schedule for each PO
Greece	50						50						See insert
Hong Kong													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Hungary													N/A - no / limited funding of other WWF N.O.s or Programme Offices
India													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Indonesia													N/A - no / limited funding of other WWF N.O.s or Programme Offices
International													Monthly payments via the WWF Online Netting platform
Italy						50						50	Except for MedPO funding where the amount due is transferred directly to the office in september
Japan													N/A - case by case basis
Malaysia													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Netherlands													Monthly payments via the WWF Online Netting platform
New Zealand													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Norway			37.5				25		37.5				SARPO & EARPO funding (based on primary donor -GAA- schedule)
Pakistan													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Philippines	25			35									About 40% was released 1st half of CY2003 - budget & financial cycle is Calendar Year.
South Africa													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Spain													N/A - no / limited funding of other WWF N.O.s or Programme Offices
Sweden													1st payment made upon request - Further pmts made when financial & technical reports approved
Switzerland	50						30					20	Exceptions exist. Transfers are subject to adequate reporting - see insert.
Turkey	25			25			25					25	
U.K.													Monthly payments via the WWF Online Netting platform
U.S.A.													Monthly payments, based on cash requests, via the WWF Online Netting platform

WWF OPERATIONAL RECOMMENDED BEST PRACTICE

NOTE: October 2010 changes highlighted in blue in the text

MANAGEMENT OF FOREIGN EXCHANGE (FX) RISK

CONTENTS:

1. ASSIGNMENT OF FX RISK

- a. Identifying the parties at risk
- b. Budget structure in a multi-currency project
- c. The budgeted FX rate

2. MITIGATION OF FX RISK

- a. Contract structure
- b. Periodic budget revision
- c. Funding strategies

ANNEXES:

Annex 1: Funding Flows and FX Risk

WWF Recommended Best Practice

FX Risk Management

A. OBJECTIVES AND SCOPE

1. Objectives:

- Increase transparency on risk ownership so FX risks can be better managed;
- Anticipate potential FX variations upfront (during project proposal) to minimize ad-hoc discussions during project implementation.

2. Scope:

- Every time a Project Agreement involving transfer of funds is signed between two or more WWF entities.

B. METHODOLOGY AND PROCESS

1. ASSIGNMENT OF FX RISK:

a. *Identifying the parties at risk*

- FX risk should be acknowledged by both contracting parties in the early planning stages of any project. Both donor and implementing offices should have this consideration in mind as project budgets are developed and key economic assumptions (e.g. FX rate forecasts) are set.
- A necessary outcome of the contract negotiation and agreement process is the explicit assignment or allocation of the FX risk among the two contracting parties, whether to the donor, the implementing office, or some combination of both.
- Whenever possible and agreed between the parties involved, the donor office should *preferably* assume the FX risk in the project. This Best Practice document will describe various ways to accomplish this, including converting the project funding to local currency at the project's inception and increasing hard currency funding to reflect currency fluctuations during the project.
- Both parties in the agreement, the donor office and the implementing office, should plan from project inception to mitigate the FX risk, according to the best practices outlined here.
- One possible approach for the financial management of the project could be that the donor office uses forward rate agreements (FRA) to "hedge" the conversion of the project's funding tranches to local currency. Note that FX hedging carries its own set of financial risks, depending on how the hedges are structured. Any hedging undertaken by a donor office should be supported by a formal Board-approved policy setting the goals and controls of the hedging activity.

WWF Recommended Best Practice

FX Risk Management

- See [Annex 1](#) for a representation of funding flows and FX risk.

b. Budget structure in a multi-currency project

- The fundamental building block for financial planning for a project is a budget for local currency expenses. If project spending will be in multiple currencies, there should be a separate budget for each currency.
- When preparing budgets in local currency for multi-year projects, be sure to include inflation estimates for all later years of the project. These inflation assumptions for future years should be listed in the budget proposal, along with the source of the estimates (e.g. historical trends, bank forecasts). For comparison purposes, note also what the current inflation rate is when the budget proposal is prepared. The complete explanation of inflation assumptions in local currency project budgets should be helpful in any subsequent analysis of the differing effects of inflation and FX rate fluctuations on the project's financial performance compared to budget.
- The funding currency may or may not be the donor's functional currency. The choice of the funding currency will be part of the negotiation of the assignment of FX risk in the project agreement.

c. The budgeted FX rate

- In the event that the donor chooses to fund the contract directly in the implementing office's local currency, no budgeted FX rate is required in the agreement.
- Care should be taken in the choice of the budgeted FX rate(s) to be used to convert the local currency budgets into the funding currency, if applicable. As with inflation, the FX rate assumptions should be explicitly stated, including their source (e.g. historical trends, bank estimates). The current FX spot rate should be noted in the project budget, with measurement date, for comparison purposes.
- The overriding consideration in the choice of the FX rates should be to be as realistic as possible. If other uncertainties in project planning suggest the creation of a "contingency" in the budget, include this explicitly as "FX contingency". Do not address the need for a contingency by biasing the FX rate choice.
- Multiple-year projects may require multiple budgeted FX rates. Again, make the project assumptions explicit.
- Recognize that FX conversion is expensive and budget realistically for the bank fees which will be incurred.

WWF Recommended Best Practice

FX Risk Management

3. MITIGATION OF FX RISK:

a. *Contract structural models*

- The Network Standard project agreement template specifies the agreement amount as “not to exceed.” Any alternative contracting models, e.g. firm-fixed price, milestone contractual requirements, are not addressed here.
- One option is for the donor office to assume all the FX risk in a project by contracting in the local currency of the implementing office. This requires the donor office to fund the agreement directly in the implementing office’s functional currency. This is specified in the contract clause, “Amount of Agreement.”
- Another option is that the donor and implementing office set a mutually-agreed hard currency as the funding currency. This may facilitate certain financial benefits (e.g. insulation from in-country inflationary effects, reducing the number of implementing office bank accounts). It may or may not be the donor’s currency; and its choice may be dictated by the needs of the donor or implementing office, or both, by negotiation.
- Another option is that the project agreement be issued in the donor currency and include quarterly reviews of FX effects, as well as scope and budget adjustments as necessary (see “Periodic budget revisions” below).
- One complex funding model which addresses FX risk directly specifies a “band” of risk (e.g. 10%) around the budgeted FX rate between the funding currency and the project local currency. The donor office commits to cover currency fluctuations within this band.
- Another complex funding model could anticipate funding in different currencies during the life of the project, e.g. one hard currency per year, chosen by the implementing office. If so, the parties should agree on how the funding transfers in multiple currencies will be equated to the funding commitment in the agreement.

b. *Periodic budget revisions*

- In the case of multi-year projects, the Network Standard agreement template anticipates the commitment of funding to the project in stages over time, depending on the availability of funds.
- In accordance with the requirement for complete R3 reporting throughout the life of the project, each new funding obligation to a multi-year project will incorporate an updated budget/forecast, including current inflation and FX rate trends, as well as the actual project-to-date financial results.
- At each project financial reporting period, a comparison of budgeted versus actual FX rates should be undertaken by the implementing office in order to estimate the impact a potential FX loss could have on the future scope of activities.

WWF Recommended Best Practice

FX Risk Management

- In cases where a donor office must limit its commitment to a multi-year contract to a firm, overall, hard currency “not to exceed” figure, the periodic R3-initiated budget reviews through the life of the project are the only way to accomplish the necessary re-negotiation between the donor and implementing offices of project scope.

c. Funding strategies

- When an agreement specifies the donor office's obligation in the implementing office's local currency, the donor office can mitigate the FX risk it has assumed with various funding strategies.
- The simplest strategy for the donor office is to convert currencies when the agreement is made and hold the required local currency through the life of the project. The donor office releases the local currency funding amounts per the schedule established by the agreement.
- An alternative strategy for the donor office is to undertake forward rate agreements (FRA) to hedge the required currency conversions in advance, at known rates. Other more complex hedging arrangements are also possible.
- Any of these approaches has operational, legal, regulatory, and other implications. A donor office undertaking to cover a project's FX risk must anticipate these implications and plan accordingly.
- One critical concern is for the timing of funding transfers. This must be reliable to allow for the effective mitigation of FX risk. For example, consider the case in which a donor office uses the funding schedule in the original agreement to structure a hedging solution. If the actual transfers are significantly delayed, due to project management problems or due to lags in report submission, then the forced currency conversions created by the hedges will generate additional FX risk because the acquired currency must be held unnecessarily.

d. *WWF Network Treasury – Online Netting* (please contact [Ingrid Wijnen](#) at WWF-NL for further details)

- Starting November 2008, WWF has implemented monthly netting of payments within the Network. In this process, WWF NL, WWF UK, WWF US and WWF International channel payments to the WWF Network via a bank netting platform. All WWF recipient offices receive one monthly payment combining all funding from these four organizations.
- The main benefits of this system are:
 - Favourable exchange rates;
 - Lower bank charges due to consolidated transfers;
 - One payment per month at a know date;
 - All transfers clearly documented;
 - Bank customer services available for all questions.

WWF Recommended Best Practice

FX Risk Management

C. SUMMARY OF RESPONSIBILITIES

▪ Donor Office

- *Head of Finance:*
 - Negotiates funding currency;
 - Analyzes office FX exposure, and
 - Mitigates risks when/where appropriate.
- *Project Leader/Administrator:*
 - Analyses budget.
- *Head of Finance and Project Leader/Administrator (combined):*
 - Problem-solve if FX risk exposure creates adverse impact on project.

▪ Implementing Office

- *Head of Finance:*
 - Analyzes project budget;
 - Analyzes funding currencies, and
 - Negotiate funding currency.
- *Project Leader/Administrator:*
 - Prepares budget in local currency.
- *Head of Finance and Project Leader/Administrator (combined):*
 - Monitor FX risk exposure and inform Donor Office of potential adverse impact on project.

If you have any further questions or wish to share comments, please contact:

Martine Maquet

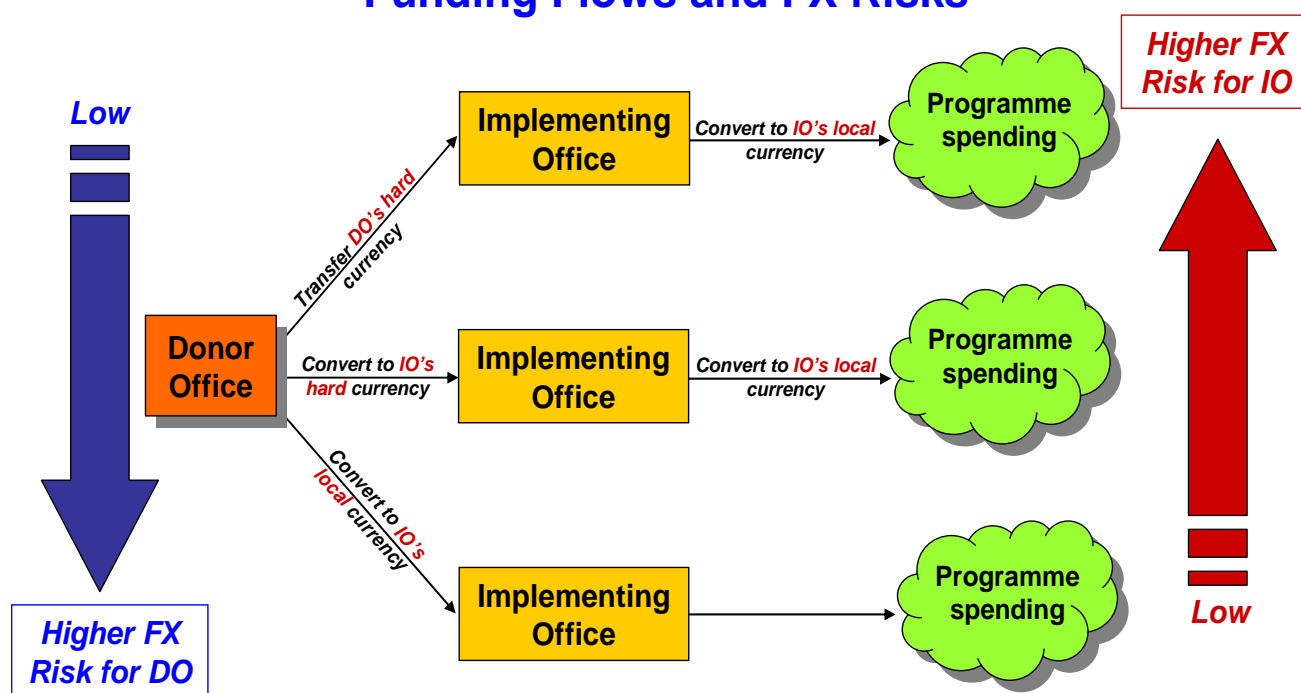
Manager, Operational Network Standards

WWF International

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ANNEX 1

Funding Flows and FX Risks



WWF NETWORK STANDARD TERMINOLOGY

*NB: you will find the **Treasury** terms at the end of this table (p. 13)*

In blue, terms added in October 2009

Term	Definition
Accounting Policies	A set of specific principles that provide guidance on how to interpret financial transactions and their corresponding accounting treatment. These are adopted and consistently followed by an organization in preparing its financial statements. The accounting treatment will have been determined by the organization to be the most appropriate for presenting fairly its financial results and operations.
Accrual Accounting	The accrual basis of accounting is a method of accounting that records income in the period in which it is earned (whether received/banked or not) and expenses in the period that resources (time, supplies, etc) are used (whether paid or not)
Action	See "Activity"
Action Plan	A description of a project's goals, objectives, and activities that will be undertaken to abate identified threats and make use of opportunities. For Ecoregion Action Programmes (EAP), the action or conservation plan outlines a comprehensive strategy to conserve and restore the biodiversity of an ecoregion over several decades. A WWF Action Plan outlines what WWF's contribution is to a joint project's overall action plan.
Activity	A specific action or set of tasks undertaken by project staff and/or partners to reach one or more objectives. A good activity meets the criteria of being: linked, focused, feasible, and appropriate. Sometimes called an "Action", "Intervention", "Response", "Strategic Action", "Sub-Project", "Task" or "Output". Called "Action" by some partners.
Adaptive Management	The incorporation of a formal learning process into conservation action. Specifically, it is the integration of project design, management, and monitoring, to provide a framework to systematically test assumptions, promote learning, and supply timely information for management decisions.
Administrative Costs	Costs of providing internal operating services, including human resources, finance and administration, legal services, management information systems and senior management functions to projects but directly identifiable with them; a component of Indirect Costs.
Agreement	A mutually agreed written document between two or more parties that sets out certain terms and conditions under which parties to the agreement operate and execute the defined tasks. May or may not involve the transfer of funds. Therefore it can refer both to legally binding contracts and to MoUs. <i>NB: In some countries, agreements can be written that are non legally binding (e.g. non legally binding MoUs), provided this is spelled out in the document, but in other countries this is not possible e.g. under US law, any such written document could be consider legally binding.</i>

WWF Network Standard

Terminology

Term	Definition
Amendment	An agreement modifying an earlier agreement between the same parties. Typically used to change expiration dates, make minor revisions in the Project Proposal or Statement of Work, add/revise deliverables, reallocate budget line items, or increase funding. Any amendment should be in writing and agreed by authorized representatives of both parties.
Asset	Anything that is of value to the possessor, usually used in the sense of economic value.
Assumption	A project's core assumptions are the logical sequences linking project activities to one or more targets, as reflected in a results chain diagram. Other assumptions are related to factors that can positively or negatively affect project performance – see also "Risk Factor".
Audit (of a project)	An assessment of a project or programme in relation to a set of criteria which may be internal or external. In WWF there are two main types of audits in relation to projects. "Programme Audits" assess one or more projects/programmes against the WWF Programme Standards in order to help the project teams learn and improve. "Financial Audits" assess an office against a set of financial management standards (some projects may be audited in more detail as case studies). Compare to "Evaluation".
Biodiversity Target	See "Target". Biodiversity Targets can be a species or a habitat/ecological system.
Budget	A financial or quantitative statement, normally prepared prior to a specified accounting period (usually annually), containing the financial plans to be pursued during that period. It is used as the basis for budgetary control. See also "Cumulative Budget".
Budget Line	Grouping of coherent elements of income or expenditure, asset or liability, from an itemized listing, done at the level of account code, account nature, activity or objective.
Budget Revision	See "Latest Donor Approved Budget". The term Budget Revision is most frequently used by US Donors and GAAs. This is where a donor approves a new budget for a period which may be annual or over the full life of the project. A budget revision is usually the result of the periodic forecasting exercise. Implementers can (and should) negotiate approval of a new budget whenever a major change arises in the planning and implementation of a project. This should be formally agreed in an amendment to the initial contract.
Budgetary Control	A constant monitoring process to ensure that the financial plan is being followed and the financial targets met
Business Plan	The operational plan component of an Office Strategic Plan.
Calendar Year	The period from 1 January to 31 December in any given year.
Capital Asset	See "Fixed Asset".
Carbon Neutrality	Neutral (zero) total carbon release, brought about by balancing the amount of carbon released with the amount sequestered or offset. (Also see carbon offset)
Carbon Offset	A carbon offset neutralizes a ton of CO ₂ emitted in one place, by avoiding the release of a ton of CO ₂ elsewhere, or absorbing/sequestering a ton of CO ₂ that would have otherwise remained in the atmosphere. Carbon offsets are created through various types of projects, such as renewable energy, energy efficiency, destruction of various industrial gases, and carbon sequestration underground or in soils.

WWF Network Standard

Terminology

Term	Definition
Carry Forward Funds	Unspent funds remaining at the end of one financial year which are being brought forward to be used in the next financial year. Carry forward funds can be held by the Donor (Donor Carry Forward) and/or the Receiving Office (Field Carry Forward).
Chart of Accounts	The coding structure used by an accounting system that permits classification, tracking, and reporting on income and expenditure, assets, and liabilities.
Classification of Conservation Actions (IUCN-CMP)	A standard classification of the strategies used in conservation programmes. Use of this taxonomy supports cross-project learning and helps information to be rolled-up in a meaningful way.
Classification of Direct Threats (IUCN-CMP or GEO4)	A standard classification of the threats encountered in conservation programmes. Use of this taxonomy supports cross-project learning and helps information to be rolled-up in a meaningful way.
Closing	Refers to a process the Accounting Unit undertakes in order to finalize the entries in the accounting records. This helps an Office to efficiently analyze large quantities of transactions; analyze how results have changed from one period to the next; and prepare financial reports. Sometimes also referred to as "Monthly Closing" and "Quarterly Closing". Compare with "Year End Closing" below.
Co-Financing	See "Co-Funding". The terms Co-Funding and Co-Financing are synonymous.
Co-Funding	A situation where a project is being funded by more than one donor. The terms Co-Funding and Co-Financing are synonymous.
Common Costs	Costs incurred in respect of the occupation and functioning of a common space shared by a number of projects/NIs/Programmes AND their Implementing Office. NB: The only reason why we identify these costs separately is to ease their calculation and allocation to the relevant cost centers.
Communications Costs	Costs of generating awareness, concern and positive action among various audiences, including the general public and certain target segments of the public. Includes costs for publications production, advertising production, and generating publicity in the print and broadcast news media. Includes website, radio, TV, newspaper, press release and press conference costs.
Community of Practice	A group of practitioners who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis.
Concept Form	A brief presentation of the project, usually completed in the early stages of project development. A concept form can be used for a number of purposes including, a) to gain formal approval from senior management to proceed with strategic planning, b) rapid project definition, c) to communicate a project to stakeholders, d) to start marketing a project. For small projects this may be the main planning document.
Conceptual Model	A diagram that represents relationships between key factors that are believed to impact or lead to one or more targets. A good model should link the targets to threats, opportunities, stakeholders, and intervention points. Results chains can be added to the model to capture the logic of the intended change behind planned activities. It should also indicate which factors are most important to monitor.

WWF Network Standard

Terminology

Term	Definition
Conditions	Terms of a funding agreement which, when not met, give the right to the Donor to recall funding (for revenue accounting purposes)
Conservation Costs	All conservation spending, including policy, education, communications, Network Services, programme and Traffic costs, including the part of finance and administration costs allocated to conservation through cost recovery.
Conservation Policy Costs	Costs incurred on activities related to policy analysis, advocacy and lobbying, and policy publications aimed at influencing international, regional, governmental and intergovernmental institutions, as well as industry and commerce, and non-governmental organizations so as to change behavior through regulation and adaptation of activities. Includes case studies, position papers and discussion documents and costs of face to face advocacy with, mailing shots to and network lobbying of national and international decision makers.
Conservation Target	A synonym for "Target".
Consulting Agreement	An agreement that obtains products or services for WWF's own use in its programmes or operations. It is a legally binding agreement and should not be compared to a grant (NB: the term "grant" can have specific connotations in different countries).
Contingency Costs	Budgeted project funds which have not yet been allocated to a particular activity or budget line. The process for release of these funds may be formalized, for example in a primary donor situation, so that the funds are only accessible to the project team with the approval of the WWF (or other) Representative. Expenditure of these funds must be attributed within a budget line at the time of accounting.
Contract	An agreement that is legally binding and in general where products or services are delivered and owned by WWF and where there is an obligation to pay.
Cost Allocation	To apportion an appropriate share of Indirect Costs to Project/Programme/NI, based on an approved methodology
Cost Center	Element of an organization where costs are separately figured and allocated and for which someone has formal responsibility
Cost Recovery	Method applied by an Implementer to recover the costs incurred in the implementation of a project. See Cost Recovery Standard.
Cost Sharing	Funds that are the counterpart or contribution of an Office that is receiving a grant. See also "Co-financing" or "Co-funding".
Country Agreement	An agreement between WWF and a host country government establishing the terms of WWF's operations in the country. Deals with visas, customs duties, tax status of WWF and staff, and so on.
Country Office	See "Project Office".
Critical Threat	Direct threats that have been prioritized as being the most important to address.
Cumulative Budget	This is the total budget of a project which may be over one or several years. It relates up to a given point in time and not necessarily to the whole project period.
Deferrals	A synonym for "Carry Forward Funds".
Deferred Expenditure	A deferred expense is a payment that is made in advance.
Deferred Income	When cash is received by WWF before goods have been provided or before services have been performed. Recognition of income is deferred to the future until it has been earned.

WWF Network Standard

Terminology

Term	Definition
Deficit	A loss that results when expenditure exceeds income.
Direct Costs	Costs which can be directly traced or allocated to a project, programme or NI
Direct Threat	A human action that immediately degrades one or more biodiversity targets. For example, "logging" or "fishing". Typically tied to one or more stakeholders. Compare with "Indirect Threat".
Donor	Any organization or person which donates funds to a WWF Office. A WWF Network Donor is also called a Donor.
Driver	A factor, force or condition that leads to change in either the state of biodiversity and/or the human footprint. Synonymous with "Factor".
Enabling Condition	A broad or high-level opportunity within a situation analysis. For example, the legal or policy framework within a country.
Evaluation	An assessment of a project or programme that focuses primarily on the progress of the project against its own stated goals and objectives (known as project "effectiveness"). Evaluations usually also assess the project's quality of design, efficiency, impact and sustainability. Compare to "Audit".
Endowment Fund	A fund established to provide income for the maintenance of a non-profit Organization. The principal (capital) of an endowment fund must be maintained intact, usually for an indefinite period
Expenditure	The costs or expenses incurred by an organization or project for a given period or event.
Factor	A generic term for an element of a conceptual model including direct and indirect threats, opportunities, and associated stakeholders. It is often advantageous to use this generic term since many factors - for example tourism - could be both a threat and an opportunity.
Field Office	This term is used in the Field Office Manual (FOM) when procedures apply to both Programme Offices and Project Offices. When procedures are specific to a Programme Office or to a Project Office, the exact term designating each entity is then used.
Financial Year	For most WWF offices, the period from 1 July to 30 June. For example, Financial Year 2009 (usually written FY09) refers to the period 1 July 2008 to 30 June 2009. Contrast with Calendar Year.
Fiscal Year	Synonymous with "Financial Year".
Fixed Asset	An asset of an organization intended for long-term use, i.e. extending beyond one year.
Footprint Target	See "Target". "Footprint Targets" relate to climate change and unsustainable consumption (e.g. CO2 emissions).
Forecast	A projection of the financial results of an organization or project, covering a reporting period, usually a financial year. A forecast is usually compiled using actual figures for the period from the start of the period to the date of the forecast, plus an estimate of the figures for the period from the date of the forecast to the end of the reporting period.
Full time equivalent (FTE) staff	Number of staff employed by an office, counted pro-rata to their employment schedule: e.g. a person employed on a half-time basis should be counted as 0.5
Functional Currency	Currency in which an Office's books of account are maintained.

WWF Network Standard

Terminology

Term	Definition
Global Programme Framework (GPF)	An outline strategy for WWF's work. The priorities outlined in the Framework will be addressed through programmes that receive 80% of the WWF Network's programmatic investment. These programmes will be a range of ecoregion action programmes, species action programmes, Network Initiatives, policy initiatives and other projects.
Goal	A formal statement detailing a desired impact of a project, such as the desired future status of a target. A good goal meets the criteria of being linked to targets, impact oriented, measurable, time limited, and specific. This is a shift from the traditional definition of the term "goal" which is more akin to "Vision Statement" in the WWF Standards.
Government Aid Agencies (GAA) / Multilateral Organizations (MLO) Agreements	Agreements funded by Government Aid Agencies (GAA) or by Multilateral Organizations (MLO) such as the World Bank, UNDP, etc. These agreements contain detailed terms which need to be read and understood in detail, so that they can be passed on to our recipients and managed properly. The funding sources establish detailed requirements which WWF must impose on recipients when they spend the funds.
Government and Aid Agency (GAA)	Government donor agency, including both bilateral and multilateral GAAs, and their decentralized offices.
Government and Aid Agency (GAA) Bilateral Agency	A single, national GAA providing assistance to a recipient country/organization outside the GAA's national territory, including their decentralized offices e.g. DFID (UK), USAID, DGIS (NL), KfW (DE).
Government and Aid Agency (GAA) Focal Office	WWF Office with lead responsibility for the relationship with a GAA.
Government and Aid Agency (GAA) Focal Point (FP)	WWF staff member in a Focal Office designated as having lead responsibility for the network relationship with the GAA donor.
Government and Aid Agency (GAA) Liaison Person (LP)	WWF staff in a Recipient Office (PO and NO), Regional Programme (RP) or Thematic Programme (TP) with responsibility for coordination with their programme staff, local GAA Representations and WWF GAA Focal Points.
Government and Aid Agency (GAA) Multilateral Agency	Refers to an agency which receives contributions from several bilateral GAAs which is then redistributed to recipients (e.g. UN organizations, World Bank, GEF, EC).
Grant Agreement	A WWF Grant Agreement provides a donation to an organization or individual to carry out research or conservation activities that help achieve WWF's mission. WWF does not have ownership of the outcome. See also "Agreement".
Hard Currency	Stable, convertible currency (USD, CHF, Euro, GBP, Yen, etc.) that enjoys the confidence of investors
Home Office	The WWF entity (Secretariat or National Organization) which has fiduciary responsibility over a Programme Office (PO). A PO is a legal extension of its Home Office, i.e. either the Secretariat or, when approved by the International Board, the National Organization which establishes it.
Host Office	An office that is providing office facilities and services to another WWF entity or a partner organization. A Hosting Agreement is required between the parties involved.
Impact	See Result.

WWF Network Standard

Terminology

Term	Definition
Implementing Agency	In GAA contracts (particularly USAID), WWF or another partner is named as the "Implementing Agency". This basically means that WWF is the contractee responsible for organizing the work, either directly or through other partners.
Indicator	A measurable entity related to a specific information need such as the status of a target/factor, change in a threat, or progress toward an objective. A good indicator meets the criteria of being: measurable, precise, consistent, and sensitive.
Indirect Cost	Costs which cannot be directly traced or allocated to a project, programme or NI
Indirect Threat	A factor identified in an analysis of the project situation that is a driver of direct threats. Often an entry point for conservation actions. For example, "logging policies" or "demand for fish". Sometimes called a root cause or underlying cause. Compare with "Direct Threat".
Intermediate Desired Result	A specific benchmark or milestone that a project is working to achieve en route to accomplishing a final goal or objective (in this case, "intermediate" typically refers to a temporal dimension).
Intervention	See "Activity".
Iteration	The process of repeating the steps in the project cycle, each time refining and adjusting project plans and hopefully coming closer to the project's vision and goals.
Key Personnel	See "Project Executant".
Latest Donor Approved Budget (LDAB)	This is where a donor approves a new budget for a period which may be annual or over the full life of the project. Implementers can (and should) negotiate approval of a new budget whenever a major change arises in the planning and implementation of a project. See also "Budget Revision"
Leverage Funds	3rd party investments - leveraged funds represent the level of support provided by funders/donor organizations that do not flow through WWF accounts, and which contribute to achieve related conservation goals. This is typically represented by investments and actions from government, private sector and/or multilateral processes. Leveraged funds should not be included in the budget, though they are tracked/monitored. Leverage income does not go through WWF accounting books. Also used in an NI context.
Liability	An obligation to pay a specific amount to a supplier, employee, third party, etc.
Location Code	This refers to the country where a project is being implemented.
Logical Framework / LogFrame	Often abbreviated as "logframe". A matrix that results from a logical framework analysis that is used to display a project's action plan (goals, objectives, activities, and indicators) in tabular form, showing the logic of the project.
Magnification	Taking lessons learned from one project and applying them to others, thus increasing the impact of the first project.
Matching Funds	The complementary contribution from WWF (or another donor source) sometimes required by donors to match their own contribution. Refer to "Co-financing" and "Co-funding".
Method	A specific technique used to collect data to measure an indicator. Methods vary in their accuracy and reliability, cost-effectiveness, feasibility, and appropriateness.

WWF Network Standard

Terminology

Term	Definition
Monitoring Plan	The plan for monitoring your project. It includes information needs, indicators, and methods, spatial scale and locations, timeframe, and roles and responsibilities for collecting data. Sometimes called a "Monitoring Protocol".
Multiple-Year Agreement	An agreement lasting two or more years. In some cases, funds are obligated for only one year at a time unless restricted sources of funding are secured for more than one year; in such cases, the agreement must be amended annually to add additional funding subject to the availability of the funds, usually from an outside donor.
Must Wins	Selection or a sub-set of all the office's strategic goals and objectives
National Organization (NO)	A WWF National Organization (NO) is a body which has entered into an agreement with WWF to work together to achieve the purposes, and to conduct its operations and manage its finances according to commonly agreed procedures. Each NO has also signed a Licensing Agreement with WWF to develop the use and protection of the WWF name, symbols and trademarks. NOs are separate legal entities.
National Organization (NOs) Funding Agreement	The annual funding agreement that all NOs pay to WWF International, previously called Family Contributions.
Network Donor	See "Donor".
Network Initiative (NI)	A Network Initiative (NI) is a conservation project or programme that delivers on the WWF Network's highest priority biodiversity and footprint conservation goals or priorities as defined by the Global Programme Framework. NIs are implemented through concerted action, funding and governance by WWF offices, together with corporate and public partners, that aim for transformational change, a sustainable shift in behavioral practices of resource users.
NI Host Office	Office that has the overall overview for the NI and is responsible for the sound and effective operations of the NI. The NI host office is the legal entity of the NI. This means being responsible for activities such as, consolidating financial and technical reports if the NI takes place in more than one location, employing the NI staff in the host office, and providing overall support to the NI. In general, the NI leader and part of the NI core team would be based in the Host office
Network Management Fee	See "Management Fee".
No Cost Extension	When there are unspent funds remaining at the end of a contract period, a request may be made to the donor to utilize these funds within a defined period. The donor could then approve an Amendment to the original contract, which is termed a "No Cost Extension".
Objective	A formal statement detailing a desired outcome of a project, such as reducing a critical threat. A good objective meets the criteria of being: outcome oriented, measurable, time limited, specific, and practical. If the project is well conceptualized and designed, realization of a project's objectives should lead to the fulfillment of the project's goals and ultimately its vision. In some previous WWF planning systems, objectives were sometimes called "targets." Compare to "Vision" and "Goal".
Office Strategic Plan	The elements of an Office Strategic Plan are similar to those for a project. There is a specific template for PO Strategic Plans.

WWF Network Standard

Terminology

Term	Definition
Operational Plan	The operational plan for your project. Key components include analyses of financial, human and other resource requirements, risk assessment and mitigation, governance, communications, project sustainability, lifespan and exit strategies.
Opportunity	A factor identified in an analysis of the project situation that potentially has a positive effect on one or more targets, either directly or indirectly. Often an entry point for conservation actions. For example, “demand for sustainably harvested timber”. In some senses, the opposite of threat.
Outcome	See Result.
Outposted staff	Staff employed by an office and based at another office
Output	See Result.
PO based staff	Staff employed by a PO and based at the Programme Office
PO field staff	Staff employed by a PO based at another office, e.g. a country or project office.
Practitioners	All people involved in designing, managing, and monitoring conservation projects and programmes.
Primary Agreement	Any agreement or contract signed between WWF Network and a Primary Donor.
Primary Donor	Any donor outside of the WWF Network who is the original source of funding to a WWF Network Donor.
Programme	A group of projects which together aim to achieve a common broad vision. In the interest of simplicity, the WWF Programme Standards use the term “Project” to represent both projects and programmes since these standards of practice are designed to apply equally well to both. Can also be referred to as “Conservation Programme”.
Programme Implementation Agreement (PIA)	A brief agreement to record the timeline, funding and nature of contributions of donors and recipient offices where more than one donor NO is investing in the field. The aim of a PIA is to enhance “co-ordination, synergies and certainty” (see clause 10 of the WWF Network Understanding Charter).
Programme Office (PO)	A Programme Office is an office where WWF has developed, or intends to develop, a long-term institutional presence to support its conservation activities. Such an office is a subsidiary or branch office of either WWF International or, when approved by the International Board, the NO which establishes it. Programme Offices implement WWF’s conservation programmes, advise national and local governments, and raise public understanding of conservation issues within their country or region of operation.
Programme Office (PO) Levy	PO Levy is unrestricted funding to Programme Offices as a contribution to their core functions. The POs may use the funds from WWF International as needed: the underlying philosophy is to give the offices a strong incentive to cover most running costs through other means, and to leave the resulting funds free for programme development in the field.
Project	A set of actions undertaken by a defined group of practitioners – including managers, researchers, community members, or other stakeholders – to achieve defined goals and objectives. The basic unit of conservation work. Compare with “Programme”.

WWF Network Standard

Terminology

Term	Definition
Project Area	The place where the biodiversity of interest to the project is located. It can include one or more “conservation areas” or “areas of biodiversity significance” as identified through ecoregional assessments. Note that in some cases, project actions may take place outside of the defined project area.
Project Costs	These costs cover the implementation costs (strategies, activities and projects) that contribute to the achievement of the goal(s)/objective(s), included related common and management costs.
Project Executant	The WWF person who is in charge of achieving the results of the Project and its overall delivery, including responsibility for the project budget, monitoring of project outcomes, production of workplans, and technical reports. The Project Executant may, in some locations, be referred to as the Technical Manager (for the Project), or Key Personnel (for the Project) or, in GAA or business terms, it can also be the “Project Manager”.
Project Manager	See “Project Executant”.
Project Office	A sub office under the supervision of a Programme Office responsible for managing projects within specific countries. Can also be called “Country Office”.
Project Officer	A person who implements the Project and reports to the Project Executant.
Project Staff	Staff working specifically and entirely for one project or more. In other words, whose salary and overheads are totally chargeable to one project or more. NB: usually, Project Staff work for max. 1-2 project(s) and very exceptionally for more than 2 projects
Project Team	A specific core group of practitioners who are responsible for designing, implementing, and monitoring a project. This group can include managers, stakeholders, researchers, operations staff and other key implementers.
Proposal	A formal presentation of the project plan that is submitted to a donor to obtain funding. The content of a proposal is essentially the same as a strategic plan; for internal WWF proposals the proposal template is the same as the strategic plan template.
Proposal Team	The WWF programme, administrative, and GAA Focal Point staff working on the development and submission of the proposal.
Proposal Team Leader	The WWF Program Staff person who leads the proposal team and has primary responsibility for proposal development and submission in coordination with other relevant WWF staff.
Protocol	An accepted or established code of procedure.
Purpose	Akin to Vision Statement.
Recipient	Any entity from the WWF Network which enters into a funding agreement with a WWF Network Donor for the implementation of a project or a programme. See also “Implementing Office”.
Response	See “Activity”.
Restricted Amounts	See “Restricted Funds”.
Restricted Assets	Related to “Restricted Funds”. Restricted assets are generally used when the donor has restricted how funds are to be held (in which bank balances and/or investments). For example, in the case where a GAA donor requires that their funds be held in a separate bank account, the balance in this bank account would be a restricted asset.

WWF Network Standard

Terminology

Term	Definition
Restricted Funds	Funds (income or assets) whose use is restricted for a specific purpose by the Donor. In this respect WWF acts as a custodian of these funds and consequently they are not available for general use. Can also be referred to as "Restricted Amounts", "Restricted Assets" or "Restricted Net Assets".
Result	The desired future state of a target or factor. Results include impacts which are linked to targets, outcomes which are linked to threats and opportunities, and outputs which are linked to activities.
Results Chain	A graphical depiction of a project's core assumption, the logical sequence linking project activities to one or more targets. In scientific terms, it is equal to a "hypothesis."
Risk Factor	A condition under which the project is expected to function, but which can cause problems for the project. Often, a condition over which the project has no direct control. Killer risks are those that, when not overcome, will completely stop the project from achieving its goals and objectives.
Satellite Office	A sub office under the supervision of a Field Office in a specific country.
Scope	The broad geographic or thematic focus of a project.
Secretariat	See "WWF International Secretariat".
Secured Funding	Funding which is guaranteed by the signature of an agreement by all parties involved (Donor and Implementer). See "Unsecured Funding".
Senior Management Staff	Position of NO CEO, PO Rep, Conservation director, Operations director or other member of the Senior Management Team of an office mandated to make strategic decisions for their office.
Special Provisions	Provisions tailored for a particular agreement to meet unusual needs not addressed by the terms and conditions.
Stakeholder	Any individual, group, or institution who has a vested interest in the natural resources of the project area and/or who potentially will be affected by project activities and have something to gain or lose if conditions change or stay the same. Stakeholders are all those who need to be considered in achieving project goals and whose participation and support are crucial to its success.
Strategic Action	See "Activity".
Strategic Activity	See "Activity".
Strategic Partner	Any individual and/or organization with whom a cooperation agreement has been signed that encompasses a shared objective, shared risk for outcome and requires a material (financial or in-kind) investment from both. Such a partnership could be at project, programme or organizational level.
Strategic Plan	The overall plan for a project (or programme or Network Initiative). A complete strategic plan includes descriptions of the project's scope and vision, targets, context and stakeholders, Action Plan, Monitoring Plan, and Operational Plan.
Strategy	A broad course of action consisting of one or more activities. Equivalent to Level 2 or 3 Conservation Action in IUCN-CMP Classification. For many projects there is one strategy per results chain, but for large programs there are typically 2 or more strategies per result chain; these strategies should be strongly connected.
Stress	In a conservation Project context: a negative effect on the condition of a biodiversity target due to one or more direct threats. For example "habitat loss" is a stress, while "logging" is a direct threat. Explicit articulation of stress can be useful but is not always necessary.

WWF Network Standard

Terminology

Term	Definition
Sustainability (of a project)	A project can be said to be sustainable when it continues to deliver conservation results indefinitely after most or all external support has been removed. Factors for project sustainability should be formally reviewed as part of an Operational Plan.
Target	A specific element that the project has decided to focus on and whose condition the project ultimately seeks to impact. These elements may be "Biodiversity Targets" or "Footprint Targets". Biodiversity Targets can be a species or a habitat/ecological system. Footprint Targets relate to climate change and unsustainable consumption (e.g. CO2 emissions). A large project/ programme may define both Biodiversity and Footprint Targets. In addition it is often useful to define the socio-economic benefits that may be derived from healthy Biodiversity Targets. Thus in a conceptual model, Socio-economic Targets may be shown to the right of the Biodiversity Targets.
Task	A specific action in a workplan required to implement activities, Monitoring Plan, or other components of a strategic plan. See "Activity".
Technical Manager	See "Project Executant".
Terms and Conditions	A section of an Agreement that describes the mutual understanding of the parties and how they will operate and execute the tasks. The standardized "Terms and Conditions" text included in WWF agreements ensures compliance with country laws, satisfies requirements imposed by outside funding sources, and otherwise safeguards WWF interests.
Theme	A sub-topic that a Network Initiative or large programme chooses to focus on. This can be useful as a collective term where there are several strategies working on a common topic. However it should only be used where necessary e.g.. for very large programmes with more than ten strategies.
Threat	A human activity that directly or indirectly degrades one or more targets. Typically tied to one or more stakeholders. See also "Direct Threat" and "Indirect Threat".
Transformational Change	A major and sustainable change in the behavioral practices of resource users that leads to real and significant biodiversity or footprint benefits i.e. impacts. Examples could include an adoption of the programme's agenda by the government and the other major institutions and stakeholders; the development of the broader institutional environment; the mainstreaming of the programme's approaches to sustainable development in the government, private sector and socio-cultural domains.
Unsecured Funding	Funding which is not yet confirmed in writing by the signature of an agreement by all parties involved (Donor and Implementer). See "Secured Funding".
Vendor Agreement	A purchase agreement or order used to purchase goods (e.g. "bill of sale", "purchase agreement") or obtain services (e.g. "equipment maintenance contract") for general office operations.
Vision	A description of the desired state or ultimate condition that a project is working to achieve. A complete vision can include a description of the biodiversity of the site and/or a map of the project area as well as a summary vision statement.

WWF Network Standard

Terminology

Term	Definition
Vision Statement	A brief summary of the project's vision. A good vision statement meets the criteria of being relatively general, visionary, and brief.
Workplan	A short-term schedule for implementing an action, monitoring, or operational plan. Workplans typically list activities (tasks) required, who will be responsible for each activity, when each activity will need to be undertaken, and how much money and other resources will be required.
WWF International Secretariat	WWF International, Gland, Switzerland. The WWF International Secretariat undertakes the day-to-day running of WWF International on behalf of the Board, providing leadership, coordination and such assistance to the NOs and administration of conservation programme activities as agreed by the Board. Can also be called "Secretariat".
WWF Network	The WWF Network is the collective description of 72 organizations and offices, including the International Secretariat, all sharing the WWF name and symbol, and subscribing to the WWF Mission, plus four organizations associated with WWF.
WWF Representative	A legally authorized officer who acts and speaks for WWF in an official capacity in a certain region or country.
Year-End Closing	For most WWF entities, the Financial Year-End is 30 June and they are required to produce financial statements up to this date. The year-end closing results in all of the figures in the accounts becoming finalized in the accounting database. The year-end closing process involves calculating the closing balances for each account in the database. The totals are then accumulated and treated as opening figures for the next financial year. See also "Closing".
Year-To-Date (YTD)	The period on a project from the beginning of the financial year to the date of the report. In a financial context, used to refer to cumulative income or expenditure for that period.

Treasury Terminology

Authorizer:	Finance Manager or equivalent responsible for the authorization of transactions.
CET:	All netting deadlines are stated in Central European Time. (UK Time +1 hour).
Corporate Netting Centre (CNC)	The CNC performs the netting function. ABN AMRO BANK, NV located in Amsterdam serves as the CNC
Cycle Closing Day:	The final day on which WWF-NL Treasury Center can enter transactions or make amendments to transactions.
Final Netting Report:	This report indicates the final Net Position (Payable or Receivable) of the Participant.
Functional Currency:	The currency against which all payable invoices and receivable invoices are calculated and in which the Participant will settle.
MT 103 / MT 199:	Authenticated SWIFT messages for payments from the Participants Bank to ABN AMRO Bank.
Net Position:	The position of a Participant on transaction day as a result of the payables and receivables in that specific Netting Cycle.

WWF Network Standard

Terminology

Term	Definition
Netting Calendar:	The dates in every monthly cycle related to opening of the cycle, preliminary report-, cycle closing-, transaction- and settlement day (See attachment 2 for more details)
Netting Cycle:	The process by which inter-group payables are settled in accordance with the netting timetable for a particular month.
Netting System:	Web based application hosted by ABN AMRO. The application keeps the transactions and calculates the net positions of each participant based on the rules defined here.
Netting:	The process by which payables of Participants are offset against one another to produce a net payable/receivable position on a specified date for every Participant.
Opening Day:	First day of the netting cycle.
Participant Code:	A unique code assigned to each Participant.
Participant:	Each entity that participates in the netting process.
Participant's Functional Bank Account	The bank account held by a Participant in its Functional Currency which it has nominated as being the account across which settlement of netting should be made.
Participant's Non-Functional Bank Account:	The bank account held by a Participant, which it has nominated as being the account across which settlements of foreign currencies should be made.
Preliminary Netting Day	The day on which the Preliminary Net Positions for each participant is calculated.
Preliminary Netting Report	This report indicates the preliminary Net Position (Payable or Receivable) of the Participant.
Role:	The profile allocated to every user and giving access to an agreed set of netting functionality.
Settlement Day:	The Settlement Day (also called "value date") of a Netting Cycle which is two days after the Transaction Day.
Standard Settlement Instructions (SSI)	CNC account, Participant, Participant account or user-details entered in the Netting database.
Standing Data:	Banking details and contact information for all offices
Transaction Day:	The day on which the Final Net Positions for each participant are calculated.

WWF Network Standard

Terminology

Term	Definition
Transaction:	A standard payment (as a result of an inter-company invoice), to be made to another entity entered into the Global Netting System for processing during the current Netting Settlement.
User:	A WWF or ABN AMRO staff member with a user-id for the Global Netting On-Line service.
WWF-NL Treasury Center	The Treasury Department of WWF in Zeist.

If you have any further questions, or wish to share comments, please contact:

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