**Guidelines: Purpose, Scope and Rules for Monitoring Visits**

**Introduction**

Transparent disbursement of funds to civil society organizations (CSO) supported by the LOD Methodology implies contractually defined support to CSOs through clearly specified rights and obligations. Such type of support includes control and supervision conducted through monitoring project activities. Thus, this document provides guidelines for officers in charge of monitoring the Grant Agreements and formalizes the process of monitoring CSO projects. Municipal officers can use these guidelines while conducting monitoring. The aim of the guidelines is to provide practical and formal framework for monitoring the quality and financial aspect of project implementation.

Considering the overall goal of Bosnia and Herzegovina towards EU accession, and the availability of pre-accession funds, it is important to make a link between monitoring guidelines and the practices of the EU (Monitoring Manual for EU Grants). Adopting these monitoring guidelines into common operations practice will bring BiH local self-governance units one step closer to a greater chance of absorption of resources from the EU accession fund, ultimately resulting in the further development of its cooperation and coordination with the civil sector. These guidelines are also based on the monitoring practices by UNDP SUTRA Program, UNDP ILDP, and UNDP LOD Project.

The main objectives of project monitoring are:

* To verify purposeful utilization of funds and compliance with the financial and non-financial terms of the Grant Agreement, thus ensuring “best value for the money”.
* To implement measures that will ensure that the funds received through the Grant Agreement are utilized efficiently, correctly and in accordance with principles of sound financial management, including the principle of transparency.
* To implement measures that allows and directs the project implementation towards principles of rights-based approach and gender equality.
* Ensure regular feedback to municipal coordinators/officers.
* To determine whether the progress to date shows any areas of concern, thus enabling the Monitoring Team to propose a corrective action which will ensure the safeguarding of the funds.

Establish and apply the necessary measures, when applicable, to prevent fraud or other irregularities to protect the financial interests of the donor.

Monitoring project implementation is focused on two aspects:

* **Result oriented monitoring** - the grant beneficiary’s progress in implementing the project in accordance with the grant contract; quality monitoring is done mainly against project work plan and against indicators provided in the log-frame.
* **Financial monitoring** - the grant beneficiary’s financial compliance with objectives and budget established in the Grant Agreement; financial utilization in accordance with agreed utilization dynamics.

Project monitoring is a process of project verification to ensure that the project is implemented in accordance with the agreed plan and that it fulfils planned objectives. It is an integral part of project cycle management and offers information based on which it is possible to determine achievements, issues and risks, and offer solutions aimed at completion of the overall project goals.

The main supporting documents in the monitoring process are project proposal, project progress reports, logical framework, work plan and the budget. The monitoring team will use these documents as a reference to assists in the situation assessment.

The following are the basic areas of interest for any monitoring mission:

* Does the project address the real needs in line with the project proposal or is it adjusted to new circumstances? (Project relevance and quality of project design)
* What activities are implemented at the moment and what is the progress achieved during specific time-period? Is implementation in line with the work plan (WP)? (efficiency)
* What is the relation between the resources and expenses and project implementation progress (efficiency of funds utilization, dynamics of expenditures should follow the installment schedule)?
* What are the results achieved? What is the progress towards achieving the results? Is this in line with the WP and the budget? Cost/benefit assessment? (effectiveness)
* What are the impacts on men and women, boys and girls? Are the impacts different depending on the sex? Can gender equality and women empowerment be strengthened during project implementation? (gender equality and inclusiveness)
* Does the project and its activities unintentionally disregard a minority group? What activities can be undertaken to improve participation?
* To what degree do results contribute to the project purpose? (Potential impact).
* Will the results of the project have a long-term effect and who will take over the ownership of future activities? Are financial and operational arrangements for continuation of project in place? (sustainability)
* Are there any risks or issues that can affect the project implementation? (Proposal of corrective measures or contingency plans – provision of recommendations for improvement of project in terms of better design, better efficiency, better effectiveness, greater potential impact, better sustainability).

**Purpose of the monitoring field visits**

Monitoring field visits enable the municipal monitoring commission/team to measure the progress of project implementation, verify delivery of outputs and achievement of results, verify received written reports, identify possible bottlenecks and divergences from the main course of action (a integral part of monitoring of activities and results is monitoring of risks and assumptions) and assist the implementing partner in correction of errors. Verification ensures that the above mentioned project components are done against the indicators set at the beginning of each project.

Monitoring relies on information obtained from the progress report (including **financial reports)** prepared by the grant beneficiary, and on information collected through **site visits and stakeholders’ interviews**, taking into consideration the full inclusion of both sexes. Site monitoring visits and interviews are required in order to physically observe and record the quality and financial progress in comparison to the content of the grant beneficiaries’ reports. Other means of monitoring (telephone calls, email, fax) are also encouraged in order to maintain continuous communication during project implementation, however on-site monitoring visits remain the most important aspect of monitoring.

Observations made during the monitoring process are recorded in the monitoring report that is used for the subsequent analysis and follow-up visits. These reports assist CSO project managers in making timely decisions and completing projects as planned.

Monitoring team members use the following documents as a reference when conducting monitoring visits:

* The project proposal (including LFA, plan of activities and budget breakdown);
* The information from the Agreement;
* The submitted narrative and financial reports.

All these documents will help the monitoring team in preparation of a monitoring report.

**Who will perform monitoring visits?**

The municipal monitoring team performs the monitoring of projects financed through Grant Agreements.

No less than two (2) persons conduct monitoring field visits, at least one municipal officer in charge of cooperation with CSOs and one officer experienced in the field of finances. It is recommended to also include a municipal officer in charge of gender equality and to pay attention to gender representation of the monitoring team.

**When will be monitoring visits performed?**

As a general rule, monitoring visits for each project will be conducted after receiving a narrative report and approval of the narrative and financial report.

However, monitoring visits do not ultimately depend on receipt of reports. On the contrary, the monitoring visits may occur on an ad-hoc basis, if monitoring team members deem them necessary due to implementation of important activities or delivery of outputs, or if there is a high risk involved in the project implementation. It is recommended that the initial monitoring visit is conducted within the initial stage of project implementation (prior to first reporting) so as to timely apply potential corrective measures.

In any case, unless the duration of the project is more than 12 months, a minimum of three monitoring visits of the projects implemented by the local CSOs are required (under the assumption that the funds are paid in 3 instalments):

**1st visit of the monitoring team**: requires submission of the narrative and financial report, for the first phase of the project and utilization of at least 80% of funds transferred in the first tranche. The purpose of this monitoring visit is to verify the information from the narrative and financial report and to inspect result achieved during this project phase. The initial monitoring visit will also confirm that the project running in accordance with the project proposal and contains all important technical and administrative elements that ensure proper implementation.

**2nd visit of the monitoring team**: requires the submission of the narrative and financial report for the second phase of the project, and utilization of at least 80% of the funds transferred in the second tranche. Purpose of this monitoring visit is to verify the information from the narrative and financial report and to inspect result achieved during the second project phase.

**3rd visit of the monitoring team**: requires submission of the final narrative and financial report. Monitoring team members will verify all the information contained in the reports and physically (if applicable) confirm all project results.

All field monitoring visits need to be announced to the implementing organizations, advising the implementing organizations to adequately prepare all necessary documentation and equipment for examination.

**Monitoring approach**

Monitoring field visits consist of three phases described below:

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| Phase | Content |
| 1.  Preparation for the monitoring field visit  (Desk review and preparation of the visit schedule, arranging meetings – requires time management) | * Review of the project proposal, specifically LFA, plan of activities and budget; * Review of the progress report (if applicable); * Review of other project’s outputs/deliverables * Analysis of achieved vs. planned, and preparation of notes for the field visit; * Phone call to implementing organization to discuss discrepancies, if any; * Scheduling field visit. |
| 2.  Monitoring field visit | * Two types of monitoring: Results-oriented and Finance monitoring; * For results-oriented monitoring, examine actual quality of each activity (visit the site where activity took place, meet stakeholders) and each result achieved, inspect purchased and installed equipment, etc. * For finance monitoring, inspect all invoices against the disbursement plan and budget. Compare to services or equipment purchased. * Request information on gender representation and women empowerment (number of men and women that participated in the activities thus far, utilization of communication activities to fully involve women into the work, attention to and adjustment of the time convenient for women’s participation, etc.[[1]](#footnote-1)) * Request additional explanations if necessary. Record all discrepancies, if any. * Determine precise deadline for the completion of next activities. |
| 3.  Reporting on the monitoring visit | * Complete monitoring field visit report (as per template provided). The report should contain issues and risk log. * Communicate the implementation progress to the implementing organization and record any corrective measures to be taken. * Complete general monitoring field visit log (a form that tracks each monitoring visit). * Write up recommendations for improvement (if any). * Provide project with feedback/response sheet template. |

The following are the detailed steps necessary for completion of a monitoring field visit:

## **Pre-requisite: Create beneficiaries` contact database and CSOs projects` monitoring tool**

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| **Step 1** | **Description** | **Responsible** |
| Create beneficiaries` contact database and CSOs projects` monitoring tool | Create a database with contact information for beneficiaries, as well as joint e-mail group for easier communication by the team (data on gender required).  Create a joint electronic monitoring tool, which captures status of payments for each project and registers the submission of financial and narrative reports.  **Create projects per Monitoring Coordinator Work Plan** – this needs to be created centrally – matrix of who needs to be where and when in the project cycle – as well as indication of the monitoring visit frequency (1st, 2nd, 3rd visit…) | Municipal officer in charge of CSOs in LSU |

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## **Step 1: Receipt of narrative and financial reports for the completed project phase**

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| **Step 1** | **Description** | **Responsible** |
| Beneficiaries submit narrative and financial reports for the completed project phase | Each project beneficiary submits its narrative and financial report to the Municipality after completing at least 80% of the planned project activities for the specific project phase.  Municipal monitoring team reviews and clarifies narrative report and reviews and clarifies financial report with the beneficiary (if necessary). Municipal monitoring team ensures all stated information is results-based, measurable and linked to the desired project results defined in the Grant Agreement. | Municipal monitoring team |

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## **Step 2: Organising the monitoring field visit**

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| **Step 2** | **Description** | **Responsible** |
| Organising the monitoring field visit | Once both narrative and financial reports are internally clarified, the monitoring field visits can be organized.  Municipal officer in charge of CSOs contacts each beneficiary and schedules the visits, taking into account availability of beneficiaries as well as internal Rules and Regulations for field visits. Monitoring field visits need to be scheduled at least one week in advance. | Municipal officer in charge of CSOs in LGU |

## **Step 3: Preparation for the monitoring field visit**

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| **Step 3** | **Description** | **Responsible** |
| Preparation for the monitoring field visit | Municipal officer in charge of CSOs prepares the following documents necessary for monitoring filed visit completion:   * Beneficiary project proposal; * Logical framework (LFA); * Implementation plan; * Beneficiary narrative report; * Beneficiary financial report; * Blank monitoring field visit report. | Municipal officer in charge of CSOs in LGU |

## **Step 4: Conducting the monitoring field visit**

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| **Step 4** | **Description** | **Responsible** |
| Conducting the monitoring field visit | Things to verify and check during a site visit:  **Results oriented monitoring:**   * qualitative and quantitative implementation of activities described in the contract and in accordance with the action plan (calendar, delays, outputs, degree of fulfillment of indicators and expected results); * staff available and engaged in project implementation as per project description and budget; * purchased equipment is on site and being used for its original purpose; * appropriate filing of project documents (e.g. contracts, correspondence, invoices, receipts, etc.); * complete examination and review of all project-implementation related products, materials and evidence; * issues, risks (intrinsic and extrinsic); * additional positive effect achieved as a results of the project (achievements that are registered and go beyond the project intention). * Inclusion of gender equality and women empowerment into project activities and implementation.   **Financial monitoring:**   * check that the expenditures incurred fully correspond to the approved budget, the integral part of the GA; * check the eligibility of expenditure (needs to be part of the contract’s budget); * check the existing proof of expenditure (invoices, receipts, etc.); * check the amounts of funds spent separately on men/boys, women/girls; * check the appropriateness of procurement procedures according to requirements; * record all positive and, if relevant – all negative findings and conclusions of the monitoring mission.   **The duration of one monitoring visit should not be more than 3 – 4 hours.** | Municipal monitoring team |

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## **Step 5: Monitoring field visit report**

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| **Step 5** | **Description** | **Responsible** |
| Preparing the monitoring report | Each monitoring site visit is followed by the draft of a **Monitoring field visit report**, on the basis of the template provided herewith.  Each section of the template contains explanations and guidelines for completion. The Monitoring field visit report will be sent to and reviewed by each beneficiary, and will include any observed problems, and the strategy to address and solve such problems.  Report signed by Municipal monitoring team and beneficiary will be approved by the Head of the relevant municipal department. Approved Monitoring field visit report will serve as supporting document for the next payment request along with other required documents.  Reports are to be prepared in electronic version during the visit and printed for signing by all designated to sign the monitoring report. If for some reason this is not possible than the monitoring will be completed in writing prior to signing and the monitoring team is responsible to prepare an e-version of the report. This e-report will be made available for signing on the first following occasion and it will replace the one submitted in writing.  The same procedure also applies for the closing phase of a project and preparation of the final monitoring report.  Set of documents required for the release of installment to the beneficiary:   * Monitoring field visit report * Beneficiary narrative report * Beneficiary financial report (including the summary form) * Copy of the Agreement * Request for payment | Municipal monitoring team and head of the relevant municipal department |

1. A list of questions is enclosed as Annex. [↑](#footnote-ref-1)