

Fund for Local Cooperation: Guidelines for partners

What is the Fund for Local Cooperation?

The Fund for Local Cooperation (FLC) is an instrument of the Finnish Embassy for supporting small-scale development cooperation with local partners in the Republic of Moldova.

The support is intended for projects. Core funding is provided only in special and well-argued cases.

The goal of Finland's development policy is the eradication of poverty and inequality and the promotion of sustainable development.

Priorities of the Embassy of Finland, Bucharest

The FLC program of the Embassy of Finland in Bucharest has two priority areas:

- *Support to the freedom of expression and media diversity*
- *Support to the rights of women and girls*

Contacting the Embassy and submitting project proposal: Correspondence

The FLC is managed by the Country Coordinator for the Republic of Moldova.

The applicants shall use email when communicating with the Country Coordinator. The Embassy handles electronic messages including letters and may archive all correspondence. Email messages should be sent to projects.buk@formin.fi

Note that the signed and dated project proposal written in English must be submitted to projects.buk@formin.fi prior to the end of the call on March 24th, 2022 at 14:00 (UTC +2). The Embassy does not accept late applications. The Embassy strongly recommends the applicants to submit the application well before the deadline.

Eligibility

FLC projects can be carried out only by legally registered local partners in the Republic of Moldova, whose objectives and activities are in line with the FLC thematic priority areas and who have relevant and solid experience in implementing similar projects. Eligible FLC partners include:

- Non-governmental organisations
- Media
- Local private sector/civil society organisations including Chambers of Commerce, business associations, training institutions, producer cooperatives and other similar private sector/civil society organisations.
- Local private companies, including cooperatives and social enterprises.

FLC Funding Cannot be Granted

- To the Government, ministries or municipalities of the host country
- To an unregistered association or organisation
- To support the activities of a political party
- For basic research
- For single cultural events (that have no permanent development impact)
- For charity or humanitarian aid
- In the form of a grant, scholarship or assistance for the applicant's personal use;
- For purchasing land
- To a Fund
- For building the capital of microcredit systems (however, development projects and training are possible)
- For projects of friendship associations in Finland
- To Finnish Government agencies, public bodies, municipalities, businesses or non-governmental organisations
- To other than Moldovan non-governmental organisations or companies

In case of any questions concerning eligibility of your organisation, media or company, please contact projects.buk@formin.fi

Selection process and estimated timeline

Eligible local agencies and organisations with potential FLC projects are selected by the Embassy of Finland through a public Call for Project Proposals. The Call is published in the website of the Embassy and in the Embassy's social media accounts. All applicants must use the same standard application form in order to guarantee that all key facts are presented and to allow better comparability.

The application form should be accompanied by a **project budget and CVs of the Project Manager and other focal project staff member.**

In addition, the private sector applicants are asked to fill in the Information Form about the applicant, legal status of the company and the business activity.

The application form needs to be signed by an authorised representative of the applicant. Therefore, the Embassy accepts project proposals in electronic pdf-format where the original signature is readable. Electronic signature is accepted. The application form also needs to include the date of the application.

Eligible applications for FLC project grants must meet the Embassy's compulsory requirements of the assessment criteria for applications. Those applications meeting **all** the compulsory requirements will be submitted for technical assessment. On the basis of a technical assessment, the Embassy will shortlist the best 1-4 applications from each sector of the FLC Programme.

The Embassy will assess the financial and administrative capacity of the shortlisted applicants. The applications failing the assessment will be rejected. **The Embassy may also reject applications, because of the financial limits of the Embassy's FLC Programme.** During the past years the Embassy

has received more well-argued applications than the Embassy can approve for the FLC funding. Based on the assessment results, the Embassy will approve the best applications for funding. A maximum of 4 - 6 projects will be selected following this call.

As the FLC application form is not a complete project plan but a summary of a project plan, complete project plans will be drafted by the pre-selected FLC partners. Only after the Project Plan is finalized the financing decision is made by the Head of Mission, or the person authorised by the Head of Mission to make the decision. The Embassy's Country Coordinator for the Republic of Moldova does not make financing decisions.

The Embassy aims to conclude the pre-selections by the end of May 2022. All applicants will be contacted after the selection is done. The earliest starting date for a project is estimated to be July 2022. The projects can also start later on during the year 2022. The Embassy reserves the right for changes. In case the selection process was prolonged, all the applicants would be informed.

Planning the project

The Embassy requests all applicants submitting an FLC project proposal to apply key elements of Finnish development policy and quality standards, namely the **Results Based Management (RBM)**, the **Human Rights Based Approach (HRBA)**, and the **Cross-Cutting Objectives (CCOs)** in their project plans. They are an important part of the selection criteria for FLC applications.

If needed, a light capacity development plan can be part of the Project Plan for a systematic integration of the quality standards throughout the project cycle.

Result Based Management

The Embassy calls for applicants to emphasize the goals and sustainable results of the projects. It is vital that the project application names clear way the goal(s) of the project (expected results). Result Based Management needs to be applied in the selected project applications. In nutshell, this mean shifting project management approach away from activities and inputs and to focusing more in desired results (outputs, outcomes and impact).

More about Result Based Management: https://um.fi/publications/-/asset_publisher/TVOLgBmLyZvu/content/tulosohjaus-suomen-kehitysyhteistyossa-yleisohje?%3FcurAsset=0&stId=47307

Human Rights Based Approach to Development means that human rights are used as a basis for setting the objectives for development policy and cooperation. Human rights are systematically integrated in the means and objectives of projects supported by the FLC. The projects which are assessed as Human Rights blind cannot be funded.

More about Human Rights Based Approach, recommended to read at least p. 6 – 8: https://um.fi/publications/-/asset_publisher/TVOLgBmLyZvu/content/ihmisoikeusperustainen-lahestymistapa-kehitykseen-yleisohje

Finland has four cross-cutting objectives in its Development Policy:

1. **Gender equality** refers to all people, regardless of their gender, having equal conditions, treatment and opportunities for realizing their full potential, human rights and dignity, and for contributing to (and benefitting from) economic, social, cultural and political development.
2. **Non-discrimination** refers to unjust or prejudicial treatment of different categories of people, especially on the grounds of disability, age, or sex.
3. **Climate resilience** is resilience of a system to climate risks and the impacts of climate change.
4. **Low emission development** is an approach that addresses climate change mitigation with development objectives. It proposes solutions with lower greenhouse gas emissions trajectories, putting development first.

Finland is internationally committed to putting these cross-cutting objectives in practice, which is why the partnering CSOs are also required to take at least some of the objectives into consideration in their project work in all levels: goals, planning, implementation, monitoring and evaluation. The minimum standard for mainstreaming the cross-cutting objectives is that **no harm is done**. However, Finland's development cooperation does not only focus on avoiding negative impacts, but we also try to make a positive contribution.

More about the cross-cutting objectives: <https://um.fi/documents/35732/0/Guideline+for+the+Cross-Cutting+Objectives+in+the+Finnish+Development+Policy+and+Cooperation.pdf/e9e8a940-a382-c3d5-3c5f-dc8e7455576b?t=1618230452564>

Finalising the project proposal

The FLC project duration is limited up to two years. The Embassy encourages the applicant to propose a project duration that serves the best the expected project results and is in balance with the resources and the experience of the applicant. There is no definite minimum duration of the FLC project. However, the Embassy does not fund single events that do not have permanent development impact.

The assessment criteria for FLC applications can be found as an attachment to the call for Fund for Local Cooperation. It is applicant's responsibility to sure that the application fulfils all the necessary requirements defined in the FLC assessment criteria.

The Embassy reserves the right to demand modifications on the project proposal if the proposal lacks relevant information, if the proposal needs improvement to guarantee expected results, or if the proposal is not in line with the rules and regulations.

The Embassy prioritizes the project proposals, which are not fully financed by the donor; the organisation/company must show its capability to run day-by-day activities. The applicant and beneficiaries can make **local contributions** in cash, in kind or as work contributions. The principle for supporting private companies is that the applicant itself provides a sufficient share of the financing of the project. The FLC grant can cover a maximum of 70 % of the entire private sector project costs.

Note that the **language of correspondence with the Embassy and reporting during the FLC cooperation is English**. The project manager or coordinator must have sufficient communication skills in English.

Training needs

One of the priorities of the Embassy's FLC programme is to contribute in the capacity building of the FLC partners. The applicant can identify possible capacity building needs in the FLC application. The Embassy aims to organise relevant trainings for the FLC partners at the beginning of the project implementation. During the past years, the Embassy has organised at least training on the FLC financial administration and management.

Core financing

The FLC projects are, as a rule, not meant to cover the core expenditure of the partner organisation. The Project Plan and budget may include two kinds of "general" expenditure items: staff training and the direct costs related to the strategic planning of the organisation. Even these tasks need to be justified from the perspective of the project level requirements and thus costs linked to the project to be financed from the FLCs. Other kind of core funding is provided only in special and well-argued cases.

The administrative costs

As a rule, the organisation or company can use a maximum of 10 % of the FLC grant for administration. Administration should have its own budget line so that it is clear what costs can be included in the administration. The project budget may include expenditure on financial management and reporting which are marked as tasks for specific persons. The project budget shall also include auditing costs.

The employment of personnel

The partner organisation is expected to be able to name core persons already in the project proposal. The expertise and experience of the core persons is the key element for successful project implementation. The core persons need to be available for the task.

Depending on the scope of the work, the payments related to core persons are counted in working days, working weeks or working months.

If there is not an employee to whom a given task could be assigned, one could be hired temporarily for the purposes of the project. Since FLC financing is project financing, hiring a person for the purpose of performing a specific task can be done on a temporary employment contract only.

Co-financing

The Embassy of Finland is allowed to co-finance a project with another agency if this is specifically needed for the achievement of the expected project outcomes. Co-financing arrangements need to fulfil specific requirements related to the transparency of project planning, reporting and auditing. Co-financing arrangements are tailored case by case.

Embassy of Finland in Bucharest, 2022

The Embassy of Finland is not allowed to sign a contract with a Fund aiming to allocate financing onwards to other organisations.

Legal and normative context

The FLC projects fall under the Finnish legislation. The Government Subsidy Law (Valtionavustuslaki 688/2001: § 21 - 22 and 34) draws the framework for the FLC. Regarding to the act, the applicant has a right of appeal, should they be unsatisfied with the decision of the selection process. The guidance for appeals is shared for applicants after the Embassy has made the positive and negative funding decisions.

The FLC is governed by an administrative norm of the Ministry for Foreign Affairs (MFA) of Finland. The administrative norm sets out the main principles concerning eligibility criteria for partners and uses of the funds, and the minimum requirements for the Embassy to manage the projects.

The Embassy of Finland sets the priorities and the specific objectives of its FLC programme taking into account the specific needs in the local context.

The local partners implementing the FLC projects must abide by the relevant local legislation. As a rule all projects must be implemented by the local partners themselves, and only small procurements of a maximum of 15.000 Euros from external agents may be allowed. If any procurement of goods or services for the value of over 15.000 Euros is needed, the procurement shall be carried out in compliance with the Finnish legislation on competitive bidding. However, FLC projects very seldom call for a procurement this expensive.

Signing the contract

The MFA uses a specific model agreement for the contract. The language of the contract is English.

The contract describes the responsibilities of both parties. The contract (including the signed project proposal) is a binding document and legal action can be taken if the partner does not follow the contract or misuses the funds.

The contract needs to be signed by the Embassy and the partner organisation in the original form in two copies, one for each party. On behalf of the Embassy, the contract is signed by the Head of Mission, or the person entitled by the Head of Mission to sign. On behalf of the partner organisation, the signatory must have the authorisation for signing on behalf of the organisation he/she represents. The contract is made in euros (€).

Payments to the partner organisation

The Embassy makes the payments on the bank account of the partner organisation. Payments are never made in cash, or on a private bank account.

The payment schedule is defined in the contract. The Embassy can make advance payments if so has been decided.

The payments are divided into several instalments (often 3 or more per project period). The new payments are made after acceptable reporting on the previous instalment. The reporting schedule is

Embassy of Finland in Bucharest, 2022

usually made so that the report is expected one or two months before the next payment. The progress report then covers the actual disbursements at the time of preparing the report. The following progress report is expected to cover the balance plus the utilisation of the second payment. The final report includes the existing balance but also the report on the total payments during the programme.

Progress and final reports

The contract defines how often the partner organisation needs to provide a report. Progress reports are signed by an authorised representative of the partner organisation.

Reporting is related to payments. As the partner organisation will provide a certified audit report as a demonstration of the soundness of its bookkeeping, it does not need to include the original receipts. However, the report should include a detailed list of costs, compared against the final project proposal/plan.

A model/format for the minimum reporting requirement is available from the Embassy. These reporting requirements can be adjusted taking into consideration the capacity of the organisation and the scope of the project.

The partner organisation is expected to prepare a final report describing the whole project, including resources utilised, results and lessons learned. As a general rule, the final payment can be made only after an acceptable final report and the final audit.

Annual audit

An annual audit is expected to be conducted on all projects that receive payments exceeding 20.000 € during the project cycle. The partner organisation may commission a project audit as a part of its full audit. If this does not take place, or if the Embassy perceives the auditing as unsatisfactory, the Embassy may commission an audit on its own.

The Embassy will have the right to audit and evaluate the project at any time during the project. The organisation responsible for the project has to provide all required documentation according to the terms of the agreement.

Corruption prevention

The Embassy monitors the project through reports, visits and audits. If there are signs of possible corruption, the Embassy may terminate financing and launch a legal procedure for clarifying the matter. The policy against corruption is very strict. A Code of Ethics is a part of all Funding Decisions.

Corruption prevention can be included into the project layout from the outset. Corruption prevention activities, including improvements in financial management capacities and procedures, are useful elements of an FLC project.

In case of any questions, please refer to projects.buk@formin.fi