

Adopted (May 2017) by PONT Supervisory Board & updated January 2019 &
September 2021



Version 3

Prespa Ohrid Nature Trust (PONT) Grants Manual

Explanatory Note

This Grants Manual stipulates the procedure how to apply for grants from PONT. Various requirements derived from the PONT's charter, by-laws, board decisions, framework agreements with national governments, separate agreements with donors, operating practices and grants provisions are put into this Grants Manual intended to be used by eligible grantees to prepare for their grant applications. This manual has been tested and adapted within a pilot phase through the implementation of the first pilot grants.

This Grants Manual is subject to modification at any time by the PONT Supervisory Board. This Grants Manual draws on the experience made or proposals by the Caucuses Nature Fund (CNF), Mesoamerican Reef Fund (MAR), Critical Ecosystem Partnership Fund (CEPF), Blue Action Fund, and the Global Environmental Facility Small Grants Programme (GEF-SGP) of the Republic of North Macedonia.

PONT's non-grant operations are described in a separate Operations Manual and its Investment Operations are described in an Investment Policy.

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1 INTRODUCTION

PONT

The Prespa Ohrid Nature Trust (PONT) was recognized as a private, legally independent grant-making foundation (“Stiftung”) under the foundation law of the State of Hessen on November 2015, with TAX identification No.04725013576. Its head office is c/o Nature Trust Alliance, Friedrich-Ebert-Anlage 36, 60325 Frankfurt am Main, Germany.

PONT is a non-governmental, not for profit foundation, with the mission to:

“Conserving nature for a sustainable future in the Prespa-Ohrid ecoregion through long-term partnerships and financing.”

PONT acts in its Focus Area (geographic area) through its subsidiary PONT Regional Programme Office (PONT RPO). PONT RPO’s address is Abdi Toptani Str., Torre Drin Tower nr. 35/2, Tirana, Albania.

PONT Purpose

The **expected outputs** of PONT are to:

- Raise, invest and disburse funds to increase funding to support Protected Areas (PA) and Environmental Actors (EA) such as NGOs, municipalities, scientific or academic institution.
- Co-finance key conservation actions, as a solid partner providing funding continuity for its beneficiaries, thereby contributing to long-term conservation objectives.
- Incite regional stakeholders and conservation actors to improve the quality and efficiency of management and to use the provided co-funding to reach the optimal impact on biodiversity conservation.
- Promote transboundary cooperation and a collective eco-regional approach.
- Raise public environmental awareness and community engagement.
- Engage with governments to leverage funding and political commitments towards conservation.

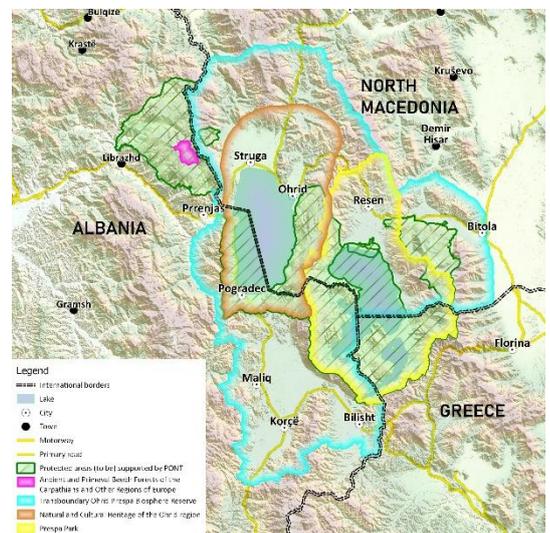


Figure 1: Wider Prespa-Ohrid Area

The Wider Prespa-Ohrid Area (WPOA), shown in Figure 1, is PONT’s current Focus Area, that is geographic focus. PONT’s Supervisory Board can expand the geographic focus beyond the WPOA if proposed grants are in line with PONT’s mission and enough funds are available. Any

such expansion would be limited to the broader Focus Region defined in the statutes, covering Greece, Albania and the Republic of North Macedonia.

The **co-funding priority** of PONT is to complement the needs of PAs and EAs such as NGOs with conservation focus in its geographic scope. Thus, PONT will implement its mission through **two main grant programmes**: (1) co-financing operational costs of PAs, and (2) co-financing the work of EAs.

PONT is a financing organisation and therefore PONT itself will not implement grant activities or engage in management activities, except to the limited extent to which its small PONT RPO staff's activity involves providing technical assistance to grantees.¹ PONT will not support, participate in, or intervene in, any political campaign on behalf of or in opposition to any candidate for public office.

2 GRANT ELIGIBILITY CRITERIA

A. Protected Area Grants

- The PA, located in the PONT Focus Area, is legally established and disposes of basic staff, infrastructure and a basic financial budget;
- The purpose of the grant must be to finance Essential/Standard Operational Management Costs (i.e. Covered Costs, see Annex 3) or costs related to development of PA Management Plans, as specified in the framework agreement;
- Grant proposals must be submitted by the Director of the responsible protected area agency or the Director of the concerned Protected Area;
- The PA must have completed a management plan which satisfies all of the criteria established by the PONT Supervisory Board (see Annex 1). It can make a request for a “planning grant” to complete the management plan (to be completed in the first grant cycle) if needed;
- Other financing sources (in the form, for example, of budget funding from the Government of the country where the PA is located, revenues generated by the PA from non-extractive and sustainable use of natural resources or sustainable extraction of natural resources for subsistence purposes, grants from other donors or a combination thereof) must be committed up to a level of at least 50% of the Essential/Standard Operational Management Costs or costs related to development of PA Management Plans.

B. Environmental Actor Grants

- Only EA based in or with an antenna office in the Focus Area and/or with a main purpose to strengthen local based organisations (e.g. local associations on fishery, tourism, medicinal plants, etc.) in the Focus Area are eligible to submit grant proposals;

¹ This will be the case, for example, when it is more efficient for PONT to offer Technical Assistance directly rather than through consultants or other third parties.

- Only EA that are financially transparent and sustainable, tax registered, have adopted a strategic plan, have a clear track record of conservation work in the Focus Area for at least the last 3 subsequent years, and are currently active;
- In the case of an EA, the grant proposal must be submitted by the respective EA's director and/or manager;
- The EA can make a request for a "planning grant" to complete the strategic plan) if needed;
- The EA must provide at least 25% of matching funds of the grant proposal budget in case no funds from the government/state are available (e.g. NGOs). In case funds from the government/state are available (e.g. local municipalities or research institutes) the EA must provide at least 50% of matching funds.

C. All Grants

- Both, the PA and EA must meet the activity, result-based and financial monitoring requirements as outlined in Annex 6 and will include the results in their annual planning for further learning and improvement of management;
- The grant recipient shall at all times carry out its business and operations in compliance with all applicable national environmental, occupational health & safety and social laws, regulations and standards. The grant recipient shall comply with the Core Labour Standards of the International Labour Organization as set out in the ILO Declaration on Fundamental Principles and Rights at Work from 1998 and the Basic Terms and Conditions of Employment. Indicated measures listed in Annex 7A will be excluded from financing;
- The PA or EA must comply with the requirements set out in the Compliance Covenants, as outlined in Annex 7B;
- The PA or EA eligible for PONT co-funding will be monitored by PONT and independent external experts on proper implementation of the grant;
- Framework Agreements with the respective governments should have been signed with environment ministries of Albania and the Republic of North Macedonia.²

3 FUNDING PRIORITIZATION CRITERIA

The PONT Supervisory Board will choose which PA and/or EA to support based on the following criteria, which are subject to changes by the Supervisory Board:

For Protected Areas:

- Technical and financial feasibility of the grant application and its relevance with respect to the priorities identified in the Management Plan for the respective protected area;
- Supports essential/standard operations to ensure minimal conservation standards;
- In case of limited availability of funding or geographical expansion the following criteria for prioritisation will be taken into account:

² Until further notice not all the rules and criteria as outlined in this manual apply for the Greek NGO Society for the Protection of Presa (SPP).

- a) **Irreplaceability** - PAs that contain globally threatened and restricted-range species. The most irreplaceable PAs are those that contain the single most viable population and/or greatest genetic diversity of a target species (i.e., a species classified by IUCN's Red Book);
- b) **Representativity** - PAs that serve to ensure there is representation of the full spectrum of endemic species and habitats across the protected areas system of the ecoregion;
- c) **Urgency** - PAs that represent an immediate conservation opportunity and/or are experiencing severe threats to endemic and/or threatened species and their habitats;
- d) **Feasibility** - PAs that exist within a supportive local and regional context, i.e. that can demonstrate local community support; and
- e) **Regional importance** - PAs that promote and enhance overall implementation and effectiveness of PONT's Strategic Frameworks.

For Environmental Actors:

Thematic Focus - increase the technical and management capacity of local actors, PAs & initiatives fitting within the selected priorities of PONT's Strategic Frameworks, as presented in Template 8a (for the Wider Prespa Area (WPA)) and 8b (for the Wider Ohrid Area (WOA)) and for the WPA grouped in the following thematic areas: 1) capacity development; 2) improved PA & forest management; 3) sustainable use of PAs (incl. recreation; traditional grazing; Non Timber Forest Products (NTFPs)); 4) conservation of species; and 5) conservation of habitats & landscapes. The activities in the last 4 areas can include:

- Applied research, studies and experimentation directly linked to real measures
- Real measures/implementation of conservation actions

For the WOA the thematic areas are grouped as follows: 1) PA governance, management and administration; 2) Understanding and conserving biodiversity; 3) sustainable development through sustainable use of natural resources. The other requirements for the WPA and WOA are the same.

Feasibility – Technical and financial feasibility of the grant application and its relevance with respect to the priorities identified in the Strategic Plan for the respective environmental actor; and

Regional importance – initiatives that strengthen coordination between authorities with different mandates at various levels incl. transboundary cooperation that promote and enhance overall implementation and effectiveness of the PONT's Strategic Frameworks.

PONT Financing Policy

- According to the local laws and regulations, all registered organisations are required to maintain a system for recording and submitting all types of financial transactions made by them for the purposes of implementing projects and running their organisation. Since finances are a crucial part of organisational management, it is good to maintain a 'Financial Policy' for following procedures to keep the accounting system effective, transparent and easily

manageable. PONT beneficiaries must follow procurement regulations within limits of the national legislation and in accordance to written policy of the organisation for goods, works and related services, and consulting services. In certain cases it might be necessary to follow PONT guidelines in case these are more strict e.g. any procurement involving a consulting contract in excess of a total of EUR 20,000 must follow a transparent tender process and all bidders are required to submit a validly signed and binding declaration. For procurement of goods above a value of 1,000 EUR a detailed specification should be described. For purchases of goods and services above a value of 5,000 EUR at least three quotes from different suppliers needs to be collected. For consultants also the Terms of Reference for the consultant must be added to the invoice and proof of payment or receipt (and final report if applicable). No equipment or investments of goods above a total of EUR 20,000 per item can be included as part of co-financing.

- Budget contributions from commercial extractive use of natural resources cannot be included as part of co-financing (excluding use of resources as a result of active habitat management or sustainable extraction for subsistence purposes).
- Contributions must be valued in EUR (using the official exchange rate of the day of disbursement of the grant and/or date of exchange of currency) with proof of payments in the financial reporting. All expenses must be supported by a legally acceptable document (invoice & proof of payment or receipt).
- For contributions in human resources by the organisation a timesheet of allocated time per person per activity and the value thereof must be attached and signed off by the director of the grantee with a guarantee of payment of the salaries or receipt. For car use a maximum of 0.3 Euro/km will be budgeted (including fuel and all other costs such as maintenance; toll and national insurances except cross border insurance) and the amount of km driven for a certain activity will be signed off by the director of the grantee. Per diems must be within limits of the national legislation and paid in accordance to written policy of the organisation (no proof of payment needs to be included for expenses covered by the per diem such as food). In case staff salaries are already covered by another source, PONT financing cannot be used to pay bonuses or compensation for overtime work of staff. New staff positions can be paid for by PONT, as long as there is enough co-financing available to sustain such a position in the long term. PONT may participate in the recruitment process to monitor if the selection process is conducted in a transparent and professional manner.
- PONT expects from its potential grantees that they follow a systematic procedure and maintain a policy on managing the organisations' finances and human resources (HR) as this is a strong indicator of the good health of an organisation. PONT prefers to render funding support to organisations which have systematic and transparent policies in place for effective financial and HR management such as operational or administrative manuals on conducting day-to-day financial transactions, code of conducts, no conflict of interest, procedures manual, employee handbook, etc.

4 GRANT PROPOSAL/APPROVAL PROCESS

PONT has two grant programmes: (1) co-financing operational costs of PA, and (2) co-financing the work of EA.

Protected Area Grant Applications

PA Grant applications may cover a period of up to of three years and must include:

- An Operational or work plan in reasonable detail for the first year in which the grant is to be made;
- A budget for the first year and the two following years showing budgeting revenues and expenditures of the PA (and proposed levels of funding of the Ministry and/or other funding sources and PONT);
- A management plan; and
- An activity, result-based and financial monitoring schedule to indicate the degree of achievement of the proposed measures in the grant proposal.

The Supervisory Board decides on all fundamental matters and may waive the requirement for a Management Plan, but only for the initial/first grant to a PA. Any grant agreed without a satisfactory Management Plan will contain the agreement of the PA's administration and the Ministry to prepare a Management Plan for submission with a renewal/next grant.

All elements of the application must be deemed satisfactory by PONT. In determining whether the Operational Plan, Budget, Management Plan and Monitoring requirements are satisfactory for purposes of supporting a grant, the Supervisory Board uses benchmarking standards that are set forth in annexes 1, 2, 4, and 6 and are subject to change by PONT at any time.

The grant application must be submitted by the mandated administration of the PA concerned using the forms contained in Annex 8. The Grant Application should be submitted no less than three months prior to the date by which the mandated PA administration seeks to have the grant approved by PONT. The final approval of grants will be made by the PONT Supervisory Board (4 meetings/year).

PONT reserves the right to review and approve the levels of funding in a Budget and all other elements of the Budget, Operational Plan, Management Plan, Monitoring Plan and Grant Proposal.

Environmental Actors Grant Applications

Environmental Actors can apply for grant funding from PONT based on the grant criteria and conditions described in Section 2 (Grant Eligibility Criteria) and following the same principles as the PA grant programme (submission of a budget; operational plan; strategic plan; monitoring plan; and reporting and auditing). For this grant programme the strategy is to support activities/projects for a maximum duration of 3 years. PONT Executive Director (ED) consults with potential grantees, governments and other bodies to identify priority projects, apprising PONT Supervisory Board of his/her recommendations annually or more frequently, if appropriate. In the first phase PONT solicits grant applications with pre-selected EA to address the funding priorities in the Strategic Frameworks. Calls for proposals will be issued in the next

phase to address themes that are not covered by either the PA or pre-selected EA grantees. At this stage PONT doesn't take unsolicited grant applications or requests into account.

All Grant Proposals

The ED coordinates an internal and if necessary external review of grant applications and ensures submission in proper form for approval by PONT Supervisory Board. In the annual budget submission to PONT Supervisory Board the ED includes a grant-making budget including (i) a summary of any approved grants and projected grant-making under such grants in current and future years (ii) a summary of any grants likely to be proposed in the coming year that are likely to require grant expenditure in the budget year or, to the extent foreseeable, in the following year. On approval by the PONT Supervisory Board the ED will notify the relevant government or mandated PA administration in case of the PA grant programme and the direct recipient in case of the EA grant programme.

Initial grant application, grant agreement, and grant reporting formats are attached in Annex 8 - TEMPLATES to this manual and can be changed by PONT at any time. Template 8a and 8b include the priorities of the PONT Strategic Frameworks for WPA and WOA respectively, and Template 9 the proposed scoring cards that can assist to increase the quality of applications and to give guidance to the Supervisory Board in the grant approval process.

As PONT is a transboundary Conservation Trust Fund its language of communication is English (grant applications, grant agreements; reports; notifications; etc.).

5 GRANT EXPENDITURE AUTHORISATION AND SUSPENSION

Grants are administered by the ED as the leading member of the Management Board. The ED is to certify that:

- disbursement is pursuant to a grant approved, and
- to his/her best knowledge, the disbursement conditions (included proper use of previously provided funds) contemplated by the relevant grant proposal and Framework Agreement (if applicable) are satisfied or have been waived by the Supervisory Board.

If the Supervisory Board or Executive Director determines this may not be the case, the Supervisory Board or the Executive Director may suspend further funding until corrective measures have been taken.

Any grant funds unspent at the end of the grant period must be returned to PONT or used otherwise as confirmed in prior writing between PONT and the grant recipient.

If the Supervisory Board or the Executive Director determines that the funds have been misused, the grant recipient will be barred from receiving further funds from PONT. The PONT Management Board will vigorously pursue all legal avenues to reclaim any misused funds.

Disbursements are made in line with the conditions of disbursement specified in Grant Agreements, following the specification of payment details (using Template 10) and upon a formal request for payment by the Grantee (using submitting Template 11).

6 GRANT MONITORING AND REPORTING

The ED will report on compliance with the terms of individual grants with the Supervisory Board as part of the regular reporting process. The PA and/or EA will provide annually:

- Updated operational plans, monitoring plan and budgets;
- A progress report on the achievement operational, conservation and other goals contained in the management plan and the current year's operational plan; and
- Annual financial accounts.

The ED shall be responsible for monitoring the grants for PONT. The Framework Agreement (if applicable) and/or Grant Agreement give PONT the right to monitor the use of funds provided to the grantee as well as co-funding by the relevant government and/or other parties. As part of its monitoring process, the individual Grant Agreements will provide that PONT will appoint:

- Independent auditors to verify the PA's and/or EA's annual financial accounts, and
- Technical auditors to monitor operational performance.

The costs for the independent verification will be covered by PONT³ and directly paid by PONT to the independent auditors. The results of the independent verification are the property of PONT. While it is PONT's intention to share a summary of verification results with its beneficiaries so that beneficiaries benefit from verification findings, PONT shall not be obligated to do so. Actual verification reports are generally confidential reports to PONT that will not be shared.

³ Except for the SPP who will conduct an annual audit by certified auditors which will be paid by the SPP from the PONT grant.

Annex 1: Requirements for Management Plans for the purpose of PONT Grants for Protected Areas

1. Management planning process requirements

1.1 Participation

1.1.1 The management plan's Vision, Objectives and Strategic Actions (management actions) were developed in a participatory process, which engaged local communities and other people who use the natural resources of the PA and its support zone (where applicable).

1.1.2 The Vision, Objectives and Strategic Actions (management actions) were adopted, as far as was reasonably practical, by consensus among those who participated in their development.

1.2 Consultation

1.2.1 Adequate opportunity was given to all those in the country with an interest in the management of the PA area, to comment on a draft of the management plan before the management plan was formally approved. Adequate opportunity means that the responsible body made a reasonable attempt to make people aware that the draft management plan was available and to encourage people to comment, and that a reasonable amount of time was given to people to submit their comments.

1.2.2 During finalisation of the management plan and before formal approval, due consideration was given to all written comments on the draft management plan.

2 Management plan content requirements

2.1 Currency

The management plan continues to be current and sufficient to guide PA management in all material respects.

2.2 Territorial scope

If the PA has a support zone (buffer zone), the management plan addresses, within the limits of the PA administration's powers and responsibilities, management of the support zone as well as management of the PA.

2.3 Description

The management plan includes an account of the features of the area (biodiversity, cultural, historical and socioeconomic) and the regional and international importance of the values which it will protect, how it is used, and its legal and management framework. As a minimum the description includes the information listed in 2.9 below.

2.4 Vision

The management plan includes a Vision which describes the desired state or condition of the PA (and its support zone if there is one) between 20 and 50 years into the future. The vision is detailed enough to provide a sound basis for developing objectives and strategic actions and concise enough that it can be easily grasped and understood by everyone who has an interest in the future of the PA.

2.5 Zoning plan

2.5.1 If national law so requires, and in the case of any national park or other protected area designation equivalent to IUCN category II or below, the management plan includes a zoning plan.

2.5.2 The zoning plan establishes as a minimum such zones as are required by national law and includes a strict protection zone in which human activity is limited to scientific research.

2.5.3 The zoning plan identifies those parts of the PA in which traditional use of the PA's resources will continue to be allowed subject to certain policies implemented through strategic actions (management actions) described in the zoning plan or elsewhere in the management plan.

2.5.4 The selection of zones and their boundaries ensures to the extent practical the protection of the area's ecological integrity while allowing for compatible human activities.

2.5.5 If the management plan is not the first for the PA which is the subject of the grant application, the plan includes a summary evaluation of the effectiveness of the zoning plan contained in the previous management plan and demonstrates that due consideration has been given to the results of that evaluation.

2.6 Objectives and Strategic Actions

2.6.1 The management plan sets out the objectives which the PA administration will aim at during the life of the plan and the strategic actions (management actions) by which the administration plans to achieve those objectives including the outline of a rough budget to reach the strategic actions (management actions).

2.6.2 The objectives should address the following as a minimum:

- a) development of the administration
- b) conservation of biodiversity in the PA
- c) development of sustainable livelihoods in the support zone (where applicable)
- d) visitor management (where applicable)

2.6.3 The objectives and strategic actions (management actions) are based on a description of the system of causes and effects that determine the future state of the PA. The description of the system of causes and effects makes best possible use of the information available to the planning team at the time the management plan was prepared, including the knowledge of local people.

2.6.4 If the management plan is not the first for the PA which is the subject of the grant application, it includes a summary evaluation of the objectives and strategic actions contained in the previous management plan and demonstrates that due consideration has been given to the results of that evaluation.

2.7 Monitoring plan

2.7.1 The management plan includes a monitoring plan which:

- a) lists and explains the rationale for selecting the indicators which will be used as the basis for determining success or failure in achieving the objectives of the management plan and the reasons for failure;
- b) describes the sources of information which will be used for monitoring;
- c) defines responsibilities for collecting and collating information.

2.8 Review cycle

2.8.1 The management plan states the period of validity of the plan (10 years for National Parks), the date by when it should be reviewed and revised and the body responsible for arranging for review and revision.

2.9 Information to be included in the management plan description

The management plan should include all elements required by the law of the Core Country. To the extent not included in the requirements of the law of the Core Country, the management plan shall also contain the following information:

Corporate information

- a) Location
- b) Area
- c) IUCN PA category
- d) Legal status

- e) Institutional structure
- f) Administrative structure

Physical-geographic Information (as Annex or separate document)

- a) Climate
- b) Hydrology
- c) Geology

Biological information (as Annex or separate document)

- a) Landscape and habitats
- b) Flora
- c) Fauna

Social and cultural Information

- a) Settlement and population
- b) Current land use (traditional use, grazing)
- c) Legal ownership, occupancy, tenure, access, other conditions and restrictions
- d) Economical activities

Historical overview (as Annex or separate document)

- a) Archaeology
- b) Historical sites

Annex 2: Standard for Operational Plans of Protected Area grant programme

1. Content requirements for the operational plan or equivalent document(s)

1.1. Scope and content of the operational plan

The operational plan or equivalent document(s) sets out:

- The activities which the PA administration plans to carry out in the year covered by the plan in relation to key management tasks such as: participation; patrolling; biodiversity; monitoring; land management; mapping; tourist and recreation; public awareness; community outreach and similar programmes: physical and operational plan; equipment and premises; human resources; financial administration; functional organization; and
- The physical resources which will be employed to carry out the scheduled activities.

1.2. Logical relationship of the operational plan to the management plan

If there is an effective management plan for the PAs, the activities specified in 1.1 must be in implementation of the management plan, and there must be a clear logical relationship between the activities scheduled in the operational plan or equivalent document(s) and the objectives and strategic actions (management actions) in the management plan.

Annex 3: Protected Areas and Essential/Standard Operational Management Costs (Covered Costs) that can be included in the PONT Protected Area grant programme

Protected Areas eligible for PONT grants:

“PA”, or Protected Area, means those protected areas in Albania, North Macedonia and Greece in the Focus Area of PONT, including designated use and buffer zones of such PAs used by local inhabitants and other stakeholders:

- The Focus Area of PONT shall initially be the Wider Prespa Area. The PAs in the WPA are Prespa National Park in Albania, Prespa National Park in Greece, the Ezerani Nature Park and Lake Prespa Monument of Nature in North Macedonia and the neighbouring National Parks (NPs) Pelister and Galicica in North Macedonia.
- The PONT Supervisory Board may enlarge the Focus Area. In September 2021 the PONT Supervisory Board expanded the Focus Area and added the Wider Ohrid Area (WOA) with a Focus Area now being called the Wider Prespa-Ohrid Area (WPOA). The PAs in the WOA are currently Vevchanski Springs Monument of Nature in North Macedonia, as well as Pogradec Protected Landscape and Shebenik-Jablanica National Park in Albania.
- The activities within which are integrated into the overall land use patterns of the PA.
- That are legally protected in perpetuity primarily for the purpose of conserving biodiversity (whether as a national park, nature reserve, sanctuary, nature monument, transboundary biosphere reserve, transboundary park); and
- That the PONT Supervisory Board believes are priority protected areas by PONT based on biological priorities established in the three Core Countries.

Costs that can be covered by PONT grants

“Covered Costs” means the recurrent costs of activities within PAs to ensure that natural habitats remain intact and wildlife populations remains at least stable, and to ensure that the purposes of a particular PA category are fulfilled. By way of example, Covered Costs include:

- Staff salaries (for additional staff or temporary workers if legally allowed) and training costs
- Fuel costs for patrolling and monitoring on a regular basis
- Purchase and replacement of necessary equipment and supplies (e.g. furniture, binoculars, computers, desks, small tourism/ranger infrastructure not exceeding EUR 20,000 per item), and including vehicles for patrolling and monitoring
- Office running costs
- The costs of maintaining existing infrastructure and equipment
- Consultant services relating to PA management activities (research, biodiversity-monitoring, etc.)
- Research relating to PA management objectives
- Costs for participatory and consultation processes
- Costs for environmental education, public information dissemination and awareness-raising

By way of example, Covered Costs *do not include*: acquisition of or leasehold interests in land; construction of new facilities or complete restoration of old facilities or investments exceeding EUR 20,000 per item. Facility leases are Covered Costs. Covered Costs must also be appropriate to the type of protected area: for example, the cost of maintaining visitor infrastructure is a Covered Cost for a national park but not for a strict nature reserve.

Annex 4: Requirements for Budgets for Protected Area Grants

1. Base Year/Budget Year

The revenue budget must distinguish between government budget funding, PONT and other revenue sources.

The expenditure budget must distinguish between capital expenditures and operating costs, and provide a reasonable level of detail on salary and other operating costs (fuel, maintenance, utilities, training and education programmes, etc.). As to capital expenditures, it should show those which qualify as Covered Costs and those which do not qualify as Covered Costs.

If the Base Year budget is for an Existing Protected Area, and for all Budget Years, the budget should include an explanation of key variances compared to the current year budget.

If the budget foresees earmarking of PONT funds to specific Covered Costs items, the budget must show the portion (if any) of such items covered by non-PONT funds, and the portion covered by PONT funding.

- (i) As agreed in the framework agreement the costs for independent financial and technical compliance review may be earmarked as a special grant costs to be fully covered by PONT and does not need to be included in the budget of the grant proposal i.e.
- (ii) An audit by an independent auditor appointed by PONT; and
- (iii) A technical review by independent experts appointed by PONT (to be completed and delivered to PONT no later than March 31 of such year). The scope of the review shall be determined by PONT, and may cover the effectiveness of management, the achievement of the Management Plan and Operational Plan conservation, operational and other goals, and the overall implementation of the Operational plan of the Management Plan. Notwithstanding the foregoing, PONT can, in its discretion, waive the requirements to budget for and carry out an annual technical review, that such a review shall in all events be budgeted and carried out at least once in every three year grant cycle.

2. Subsequent Years

As to revenues, the estimated budget must show projected PONT, government and other revenues. Projected government funding of Covered Costs that are operating must be at least equivalent, on an inflation adjusted basis, to that provided for in the Base Year.

As to expenditures, the estimated budget should distinguish between operating and capital expenses but need not provide a detailed breakdown of expenses. It should however, estimate all Covered Costs, including Covered Costs that are part of the capital budget.

It should also account on an estimated basis for foreseeable increases or decreases in expenditures (if any) resulting from items such as (x) estimated inflation and (y) developments at the PA contemplated in the management plan (such as completion of new facilities and related staff or maintenance cost increases). Such estimated budget should contain an explanation of the inflation assumption and any other key variances compared to the Base Year or the prior year.

Annex 5: PONT Strategic Frameworks

A review of conservation efforts in the transboundary Prespa region was carried out in 2016 by the three partners of the PrespaNet NGO network: the Society for the Protection of Prespa in Greece (SPP), the Macedonian Ecological Society (MES) and the Protection and Preservation of Natural Environment in Albania (PPNEA), under the oversight of the Worldwide Fund for Nature (WWF) in Greece. The findings helped PONT, in close cooperation with PAs, EAs and national authorities responsible for managing protected areas, identify 40 priority actions to be addressed by the EAs over the period from 2018 to 2027, constituting PONT Strategic Framework of the Wider Prespa Area (WPA) informing PONT's financing policy. The Strategic Framework of the WPA distinguishes three categories of objectives:

- 1) Capacity development (Objectives)
- 2) Categories (objectives) / Key areas of intervention (interventions) specific for each individual Protected Area
- 3) Categories (objectives) / Key areas of intervention (interventions) in the Wider Prespa Area

While the first category applies to both PA and EA, the second is relevant to PA only and concerns the co-financing of operational costs of key areas of interventions as outlined in the individual approved Management Plans for each Protected Area. Eligible PAs in the WPA in North Macedonia are Galicica National Park managed by the Public Institution Galicica NP; Pelister National Park managed by the Public Institution Pelister National Park; Lake Prespa Monument of Nature and Ezerani Nature Park managed by Resen Municipality. In Albania Prespa National Park managed by the National Agency of Protected Areas and the Regional Administration of PAs in Korca is eligible. In Greece Prespa National Park currently managed by the Management Body Prespa National Park is eligible. The third category relates to EA and contains 40 key areas of intervention that are grouped into four Focus Areas:

- 1) improved PA & forest management;
- 2) sustainable use of PAs (incl. recreation; traditional grazing; Non-Timber Forest Products – NTFPs);
- 3) conservation of species; and
- 4) conservation of habitats & landscapes.

The actions under the four Focus Areas are classified as related to either (1) applied research, studies and experimentation directly linked to real measures; or (2) real measures/implementation of conservation actions.

Due to the possible overlap between the key areas of intervention under the second and third category, good coordination between the Protected Area grant programme and Environmental Actor programme is needed.

The PONT Strategic Framework of WPA is presented in Template 8a of Annex 8 and is also available on the PONT website. In the elaboration of the 5-10 years PONT strategic framework various consultation rounds took place taking priorities, co-funding opportunities and legal mandates and/or mandates in line with the mission statement of various organisations with a proven track record of working in the Wider Prespa Area into account. Suggestions for improved coordination amongst the various partners and a conflict assessment including conflict mitigation measures were developed in close cooperation with PrespaNET partners, other donors, national and local stakeholders. The review of conservation efforts and detailed report on the conflict assessment is available on the PONT website. The PONT Strategic Framework for the WPA was presented to the pre-selected

grantees, PA management authorities, local authorities and main donors in workshops held in November 2017 (Resen, Korca) and December 2017 (Skopje).

Capacity development objectives and indicators and biodiversity objectives and indicators for the 40 selected priorities for EAs can be derived from template 8a. For PAs the biodiversity objectives and indicators are derived from the strategic actions and objectives outlined in the PA Management Plan.

In the period from 2020-2021 a feasibility study for geographical expansion was conducted by the GOPA Worldwide Consultants in association with Stritih Sustainable Development, with financial support from the KfW Development Bank.

Early in 2021, the PONT Supervisory Board decided to start the process of expanding the operations of PONT to the Wider Ohrid Area (WOA). The WOA includes three Protected Areas that are currently eligible for applying for PONT grants: Vevchanski Springs Monument of Nature, managed by Vevchani Municipality in North Macedonia, as well as Pogradec Protected Landscape, managed by the Regional Administration of Protected Areas, Korca, and Shebenik-Jablanica National Park in Albania, managed by the Regional Administration of Protected Areas, Elbasan, in Albania.

Lake Ohrid Monument of Nature and Jablanica National Park (both in North Macedonia) may get access to PONT co-financing, contingent on their legal (re-)proclamation and after having a dedicated PA Management Authority as well as an officially approved Management Plan and pending a positive decision by the PONT Supervisory Board.

At the beginning of September 2021, assisted by two national consultants, PONT launched a consultation process with all relevant stakeholders on the draft Strategic Framework of WOA that has been drafted by the consultants working on the Feasibility Study.

The consultation process began with a series of meetings with local-level stakeholders (Protected Area authorities; non-governmental organizations, municipalities; research institutes), followed up by on-line workshops with national-level stakeholders in Albania and North Macedonia, and concluded with a transboundary online workshop on 23 September 2021. More than 100 participants were involved in the process, representing the competent ministries, PA authorities, local governments, scientific institutions, donors, international and non-governmental organizations.

The stakeholder presented many valuable ideas and proposals that were in line with the 41 priority activities of the Strategic Framework of WOA that are grouped under 6 objectives in 3 strategic themes/objectives: (1) PA governance, management and administration; 2) Understanding and conserving biodiversity; 3) Sustainable development through sustainable use of natural resources. The PONT Strategic Framework of WOA is presented in Template 8b of Annex 8 and is also available on the PONT website.

All grant requirements for both Strategic Frameworks are the same. The only differences are in the priority activities to be supported by PONT and the different strategic themes and specific objectives and indicators. It is planned over time to merge the Strategic Framework of the WPA and the WOA into one Strategic Framework.

In the consultation process the stakeholders expressed their support for the geographical expansion and stressed the role of the EAs in protected area governance, as well as the assistance they can extend in many areas of Protected Area management.

Annex 6: Activity, result-based and financial monitoring requirements for PAs and EAs

Activity-based monitoring PAs and EAs

In addition to the submitted Operational and Monitoring Plan, as part of the Grant Proposal, an additional column will be added for activity-based monitoring purposes. In each report submitted in relation to the grant a so-called traffic light indication will be given if an activity is on track or not by using the following symbols in the additional column:

	= Activity not yet started
	= Activity started but with delays
	= Activity on-going and on track
	= Activity finalised

In case of deviations from the Operational Plan an explanation should be given why a certain activity is not implemented as planned and what measures are proposed to resolve this issue to be implemented by who and until when. For finalised activities an indication should be given on the final numbers or results e.g. # of people trained; # of biodiversity monitoring reports; # of patrols in line with the submitted Monitoring Plan and where possible evidence-based. Activity-based monitoring is a tool for the management of the PA and EA to manage and report on their grant and to improve on their planning for subsequent years. Staff of PONT and the independent auditors appointed by PONT will verify the activity-based monitoring results for review purposes as well.

Result-based monitoring requirements for PAs

In the Base Year of the grant a so-called Management Effectiveness self-assessment of the management of the PA will be made (baseline) using the questionnaire and methodology Management Effectiveness Tracking Tool II (METT) developed by the WWF and World Bank and/or advanced METT or METT IV. The questionnaire should be answered in a session with people representing the strategic management of the PA (e.g. steering and advisory committee), operational management (park director and some staff) of the PA, and representatives of key stakeholders, including of local communities. An attendance register of participants should be submitted to PONT. Management areas that score low should be reviewed by this group of people and, if feasible, proposals for improvement of these management areas should be included in the Operational Plan for continuous improvement of the management of the PA. The management effectiveness self-assessment will be repeated by a similar group of people on an annual basis and, if and where possible, sufficient evidence for management score improvements will be provided. Again an attendance register of participants should be submitted to PONT. Proposals for improvement on management areas that score low should again be included in the Operational Plans for subsequent years. Result-based monitoring is a tool for the management of the PA to manage and report on their grant and to improve on their planning for subsequent years and for continuous learning and improvement. Staff of PONT and the independent auditors appointed by PONT will verify the result-based monitoring results for review purposes as well.

Note: It should be noted that due to various circumstances the absolute scores of management effectiveness can be different among the various PA and therefore should not be compared between

PAs. The purpose of the tool is to monitor changes in the management effectiveness score of a certain PA over time.

Result-based monitoring requirements for EAs

In the Base Year of the grant a so-called organisational capacity self-assessment of the management of the EA will be made (baseline) using the questionnaire and methodology of the Civil Society Organisational Capacity Tracking Tool developed by the Critical Ecosystem Partnership Fund (CEPF MED-RIT) - Small Grants Mechanism. The questionnaire should be answered in a session with people representing the strategic management of the EA (e.g. steering and advisory committee), operational management (director and some staff) of the EA, and some beneficiaries of the EA. An attendance register should be provided to PONT. Organisational capacity areas that score low should be reviewed by this group of people and, if feasible, proposals for improvement of these management areas should be included in the Operational Plan for continuous improvement of the organisational capacity of the EA. The organisational capacity self-assessment will be repeated by a similar group of people on an annual basis and, if and where possible, sufficient evidence for organisational capacity score improvements will be provided. Again an attendance register shall be provided to PONT. Proposals for improvement on management areas that score low should again be included in the Operational Plans for subsequent years. Result-based monitoring is a tool for the management of the EA to manage and report on their grant and to improve on their planning for subsequent years and for organisational learning and improvement. Staff of PONT and the independent auditors appointed by PONT will verify and crosscheck the result-based monitoring results for review purposes as well.

Financial monitoring requirements for PAs and EAs

For reporting purposes to its donors, PONT needs financial overviews in a certain format. In case the existing financial accounting mechanisms of the PAs and EAs don't provide sufficient information, PONT is allowed to request for additional financial data to be provided by the grantees. These additional requirements, if needed, will be stipulated in the Grant Agreements. Staff of PONT and the independent auditors appointed by PONT will verify and crosscheck the financial monitoring results for review purposes as well.

Annex 7A: Environmental, Social and Health & Safety Compliance

The illustrative list below includes projects or measures that could have a high negative environmental and social impact and that is why they are classified in the categories A or B (in the case that the impact is not so severe and reversible) and are excluded for funding by PONT.

1. Large-scale and significant changes in the use of natural resources (e.g. some other use of the land: as farm land, timberland or pasture, for the rural development, for commercial timber etc.) as well as a large-scale land reclamation.
2. Large-scale and significant changes in the cultivation methods of the agriculture and fishery (e.g. introducing new plants, mechanisation on a large scale, introducing new fish species) as well as logging on a great scale.
3. Use of water resources (e. g. big dams and other water-retaining structures, pump storage facilities or power plants, irrigation and drainage projects, deep wells, water management and management and development of catchment basins, water supply, sea water desalination plants).
4. Infrastructure (e.g. streets, bridges, airports, harbours, transmission lines, pipelines, railway networks, other rail transport, tourism).
5. Energy production (e.g. big wind and solar parks, biomass systems, geothermal facilities, thermal power plants).
6. Industrial activities (e. g. metal smelters, timber processing facilities, chemical factories, cement factories, refineries and petrochemical plants, agricultural industries).
7. Use of geological resources, mining and others (e.g. mines, quarries, peat extraction, oil and gas extraction).
8. Waste and wastewater management and disposal (e.g. wastewater systems and treatment plants, landfill sites, reprocessing plants for household waste and dangerous waste).
9. Projects that can cause the involuntary relocation of a significant part of the population in the region or the loss of their livelihood.

International Finance Corporation (IFC) Project Exclusion List, World Bank Group

The IFC Exclusion List defines the types of projects that IFC **does not** finance. IFC does not finance the following projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.

- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact but circumstances of the country require adjustment to the Exclusion List.

All financial intermediaries (FIs), except those engaged in activities specified below*, must apply the following exclusions, in addition to IFC's Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- When investing in **microfinance** activities, FIs will apply the following items in addition to the IFC Exclusion List:
 - Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
 - Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
 - Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

* **Trade finance projects**, given the nature of the transactions, FIs will apply the following items in addition to the IFC Exclusion List: Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.

Annex 7B: Compliance Covenants

1. DEFINITIONS

Coercive Practice: the impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of the person with a view to influencing improperly the actions of a person.

Collusive Practice: an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person.

Corrupt Practice: the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

Designated Categories of Offences: the following categories of offences as defined by the FATF Recommendations and the respective interpretative note: participation in an organised criminal group and racketeering; terrorism, including financing of terrorism; trafficking in human beings and migrant smuggling; sexual exploitation, including sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder, grievous bodily injury; kidnapping, illegal restraint and hostage-taking; robbery or theft; smuggling (including in relation to customs and excise duties and taxes); tax crimes (related to direct taxes and indirect taxes); extortion; forgery; piracy; insider trading and market manipulation.

FATF Recommendations: such recommendations as defined from time to time by the Financial Action Task Force (FATF). FATF is the inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and the financing of terrorism.

Fraudulent Practice: any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial benefit or to avoid an obligation.

Illicit Origin: the origin of funds obtained through

- a) any offence listed in the Designated Categories of Offences;
- b) any Corrupt Practice;
- c) any Fraudulent Practice; or
- d) money laundering.

Obstructive Practice: (i) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or the making of false statements to investigators, in order to materially impede an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, or threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) any act intended to materially impede the exercise of PONT's access to contractually required

information in connection with an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

Person: any natural person, legal entity, partnership or unincorporated association.

Sanctionable Practice: any Coercive Practice, Collusive Practice, Corrupt Practice, Fraudulent Practice or Obstructive Practice (as such terms are defined herein), which (i) is unlawful under German or other applicable law, and (ii) which has, or potentially could have, a material legal or reputational effect on this Agreement between the Grantee and PONT or its implementation.

Sanctioning Body: any of the United Nations Security Council, the European Union and the Federal Republic of Germany.

Sanctions: the economic, financial or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctioning Body.

Sanctions List: any list of specially designated persons, groups or entities which are subject to Sanctions, as issued by any Sanctioning Body.

2. INFORMATION UNDERTAKING

The Grantee shall

- a) promptly make available to PONT on demand all relevant "know your customer" or similar information about the Grantee [, any of its subsidiaries] [, the group] as PONT may request;
- b) promptly furnish to PONT on demand all Project-related information and documents of the Grantee and its (sub)contracting and other related parties which PONT requires to fulfil its obligations to prevent any Sanctionable Practice, money laundering and/or terrorism financing as well as for the continuous monitoring of the business relationship with the Grantee which is necessary for this purpose;
- c) inform PONT, promptly and of its own accord, as soon as it becomes aware of or suspects, any Sanctionable Practice, act of money laundering and/or terrorism financing by the Grantee, any member of its management bodies or other governing bodies or any of its shareholders;
- d) furnish to PONT any and all such information and reports on the Project and its further progress as PONT may request for the purposes of this Annex;
- e) enable PONT and its agents at any time to inspect all other Project-related documentation of the Grantee and its (sub)contracting and other related parties, and to visit the Project and all installations related thereto for the purposes of this Annex.
- f) inform PONT, promptly and of its own accord, of any event which results in any of the Grantee, any member of its management bodies or other governing bodies or any of its shareholders, being or becoming a specially designated national, blocked person or entity maintained on any Sanctions List.

3. REPRESENTATIONS AND WARRANTIES

- 3.2 With regard to German law or the law of the country of incorporation of the Grantee, the Grantee represents and warrants that the following is true and correct:

- a) In entering into and implementing this Agreement the Grantee acts in its own name and for its own account.
- b) None of the Grantee, its affiliates, subsidiaries or any other Person acting on its or their behalf has committed or is engaged in any Sanctionable Practice, money laundering or financing of terrorism.
- c) The Grantee has not (i) entered into any business relationship with specially designated nationals, blocked persons or entities maintained on any Sanctions List; or (ii) engaged in any other activity that would constitute a breach of Sanctions.

3.2 The representations and warranties set forth in this Article are made for the first time by execution of this Agreement. They will be deemed to be repeated upon each drawing of the financial contribution by reference to the circumstances prevailing at that date.

4. POSITIVE UNDERTAKINGS

The Grantee undertakes

- a) to fully comply with anti-money laundering and terrorism financing standards in accordance with the FATF Recommendations, and implement, maintain and, if necessary, improve its internal standards and guidelines (including without limitation in relation to customer due diligence) appropriate to avoid any Sanctionable Practice, act of money laundering or financing of terrorism; and
- b) as soon as the Grantee or PONT becomes aware of or suspects any Sanctionable Practice, act of money laundering or financing of terrorism, to fully cooperate with PONT and its agents, in determining whether such compliance incident has occurred. In particular, the Grantee shall respond promptly and in reasonable detail to any notice from PONT and shall furnish documentary support for such response upon PONT's request.

5. NEGATIVE UNDERTAKINGS

The Grantee undertakes

- a) to ensure that its equity and other funds it invests will not be of Illicit Origin;
- b) to ensure that its business will not give rise to any Sanctionable Practice, money laundering or financing of terrorism; and

not to enter into or continue any business relationship with specially designated nationals, blocked persons or entities maintained on any Sanctions List and not to engage in any other activity that would constitute a breach of Sanctions.

Annex 8 - TEMPLATES

Template 1 - PONT PA Grant application format

Template 2 – PONT EA Grant application format

Template 3 – PONT operational plan and budget format (to be filled out in excel)

Template 4 – Planning Grant application format

Template 5 – Grant agreement PA template

Template 6 – Grant agreement EA template

Template 7 – Reporting format (to be filled out in word and excel)

Template 8a – PONT funding priorities, objectives and indicators for the Wider Prespa Area (WPA)

Template 8b – PONT funding priorities, objectives and indicators for the Wider Ohrid Area (WOA)

Template 9 – Scoring card (FOR INTERNAL USE ONLY)

Template 10 – Specification of payment details

Template 11 – Request for payment of grant disbursement

All these templates are provided in the separate annex 8-TEMPLATES folder