SOCIAL PROJECT MANAGEMENT GUIDE

Fundación Avina

By virtue of the commitment and to ensure proper management in the processes associated with social investments, we present the **GUIDE FOR THE MANAGEMENT OF SOCIAL PROJECTS of the Avina Ecosystem.**

WHAT IS THE SOCIAL PROJECT MANAGEMENT GUIDE?

In the Avina Ecosystem[1], we are committed to ensuring the necessary administrative and financial conditions and guidelines, and to contribute to the institutional strengthening of partner organizations to guarantee the execution and good management of resources, transparency, compliance with commitments, and to achieve the expected impact.

This guide is an **instruction guide that guides the step-by-step management of social investments**[2] developed by the Avina Ecosystem. It is aligned and linked to the **General Policy for the Management of Social Investments**, and aims to facilitate the understanding of the process that integrates the documentation requirements in each of its stages, fund management dynamics, reporting and accountability required of each organization and/or individual with whom we develop projects through social investments.

We clarify that this guide includes general information and there may be situations that require specific procedures** to respond to requests from funding entities or local legislation in each country, which will be duly communicated.

*** These will be informed at the signing of the agreement.*

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[1]*Avina Ecosystem: For the purposes of this guide, the term "Avina Ecosystem" refers collectively to any of the following legal entities: Fundación Avina, Ikatu Ventures Inc., and WTT (World-Transforming Technologies). Any mention of "Avina" shall be understood as applicable to any of these entities, as appropriate to the specific project.*

[2]*Social Investment: these are the resources or funds that Avina provides to its partners to develop a project, an initiative, an event or an action, within the framework of the approved institutional programs. This investment is aimed at generating a social return on the contribution made.*

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PHASES FOR FORMALIZATION OF SOCIAL PROJECTS

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Note: all documents are submitted through the "Comments and Files" tab, within the "Projects" Module in the Partner Portal.

1. Registration on the Allies Portal

1.1 Ally Portal – step by step.

Step 1: Creating the profile in the Allies Portal.

1.1 Your organization's point of contact will receive an email with the portal invitation[3].
1.2 After following the registration link, a screen will be displayed where they can register their user with the "Register" button.
1.3 On the next screen, you can select the username and password you want to use to access the portal.
Note: *the username and password specified in this screen is the one that must be used to enter the portal in the future. The username is not necessarily the same as the email address, the partner may have registered a different name.*
Note: *In the event that you are unable to validate your invitation code, please contact the person responsible for Avina to analyze the case. Once the system validates the code, you will be able to generate your username and portal key.*

1.4 You must use the username specified in the "Username" field on the registration screen instead of your email address to log in.
Note: *If you lose access to the portal for any reason or forget your key, you can reset the key from the portal using the forgotten password functionality.*

1.5 All users of the portal have two-factor authentication enabled; This means that the user has to enter a code that will be sent to them by email after entering their password.
Note: *Codes expire after 5 minutes. If you wait more than 5 minutes to use the code, it will show you an error screen; It will be necessary to enter your username and password again to send another code. Once the user has been validated, they will be able to access the screen where they will find different applications to upload or update their information.*

[3] *http://portal.avina.net/*

Step 2: Review and update data.

INFORMATION	MENU	ACTION
Details of the person or organisation that is going to sign the agreement.	**ACCOUNT**	The partner enters the portal to verify the information of their ACCOUNT and can correct or update what they consider necessary (organization, physical address, city, country, email, telephone, others).
Details of the person legally responsible for the organisation or project manager, up to 3 contacts per organisation	**CONTACT**	The partner enters the portal to verify the information of their CONTACT and can correct or update what they consider necessary (name and surname, organization, connection to the account, physical address / home, city, country, email, telephone, others).
Bank details of the person or organisation that is going to sign the agreement.	**BANK ACCOUNT**	The partner enters the portal to verify the BANK ACCOUNT information and can correct or update what they consider necessary. ☐ **BENEFICIARY BANK** ☐ **BENEFICIARY** ☐ **INTERMEDIARY BANK**

INSTITUTIONAL FORM

The legal responsible must respond with the organization's data.

The partner enters the portal to complete the information related to their organizational structure.

PROJECTS

Data on the project approved by Avina for the period.

The partner enters the portal to register in PROJECTS, there they select the investment on which they are going to work and display the form to edit the information of the investment, such as the main objective and specific objectives of the investment. It can also include the countries that will be impacted by the investment.

At the bottom you will find the Comments and Files section, where you can send documents, reports and messages to the account manager in Avina, and this will be the communication channel for the duration of the investment in execution.

Some of the fields are editable and others are just for review.

Note: The partner must notify via message in the Portal, the administrator responsible for the account when any update is made to the portal data.

Here you can access an instructional video about the Allies portal: Avina Allies Video Portal.

2. 2.Filing of legal documents, proposal, and forms

2.1 Legal documents.

The legal documents that must be submitted are those documents that support the constitution of the organization, its name may vary depending on the country in which it is incorporated.

Below we detail what is required:

- **Current legal statutes of the organization (public deed of incorporation, articles of incorporation, legal status, articles of incorporation and/or comprehensive reform of statutes, etc.), duly protocolized and registered.**
- **Copy of the signatory's power of attorney.**
- **Copy of the signatory's identity document.**
- **Bank information of the organization where you will receive the funds.**
- **Copy of a document that proves the validity of the entity.
E.g. registration certificate, latest financial statements, media releases, website, etc.**
- **For projects with Avina Americas, the Pre-Grant Inquiry Form available on the Avina website is requested.**

All forms are available on the website https://www.avina.net/transparencia/ section titled "TEMPLATE FOR SUBMISSION OF PROPOSALS".

2.2 Narrative and financial proposal.

We suggest using the formats indicated by Avina, as they incorporate all the required points. If the information is submitted in a different format, it is important to ensure that all the requested data is included.

In relation to the project , it is important to take into account:

The process begins with a direct invitation to the organizations with which the Avina Ecosystem prioritizes working together to build initiatives that generate positive impacts on sustainable development.

Any organization invited to submit proposals must meet different requirements and provide the documents required by institutional regulation, as well as by the legal and fiscal legislation of the country in which the delivery of funds is formalized.

The Avina Ecosystem also develops part of its social investment through open call models for the submission of project proposals. To this end, it creates virtual platforms specifically for this purpose, with their respective dissemination systems adjusted to the process of each call.

All project formulations must contain and/or guarantee:

- A clear **specification of the problem/opportunity** to be addressed.
- Relationship with the **objectives, impact indicators and established activities .**
- A clear **strategy for the sustainability of** the project and the impact generated beyond the duration of the project.
- A **risk analysis**, including the socio-environmental risks derived from the activities of the project to be executed.
- Definition of **progress milestones**, budget, commitments and detail of the identified counterparts;
- Respond to the parameters established in the **organisation's gender equality** and diversity policy.

In relation to the budget , it is important to take into account:

a) All lines must correspond (belong) to the expected result, be linked to the development of the activities and comply with the Particular Purchasing Policy for partners available on the https://www.avina.net/politicas-y-protocolos/ website.

b) If direct project cost contributions are expected that do not translate into outflows of money or monetary contributions to the project from both the partner and other parties, the estimated counterpart must be indicated[4].

c) For the use of resources, it is essential to take into account that, under no circumstances may disbursements be allocated to natural persons or organizations that have pending cases related to abuse, discrimination, exploitation, sexual or labor harassment, or any violation of human rights, including but not limited to the rights of children and persons in vulnerable situations.

d) It is prohibited to allocate payments to persons or organizations that are designated on the lists of the Office of Foreign Assets Control (OFAC), even if the designation falls on one of the members of its board of directors, partners and/or legal representative. The corresponding verification is done on the official website: https://sanctionssearch.ofac.treas.gov/

The data provided is essential for evaluating and approving the project proposal.

2.3 Forms.

In all forms, the answers are for informational purposes and will be safeguarded in accordance with our Particular Data Privacy Policy, available on the https://www.avina.net/politicas-y-protocolos/ website. This information may be shared with the initiative's funding partners, if they require it.

The legal representative of the organization, or the natural person providing the service, must complete the forms and sign those that require it.

2.3.1 Institutional Form.

This form aims to map the profiles and comply with the commitments established with the donor-funding organizations. We request that you complete the Institutional Form, available on the Allies Portal.

2.3.2 Due Diligence.

In order to comply with the due diligence actions agreed upon with the donor-funding organizations, reaffirming our guiding principle of transparency and as part of Fundación Avina's compliance system, we request the information and signature of the Due Diligence Form, available on the website https://www.avina.net/transparencia/ section entitled "MODEL FOR THE SUBMISSION OF PROPOSALS".

[4] *The COUNTERPARTS are the funds raised for application in the projects in which Avina and the partner organization contribute. They can be: in cash, when you have contributions in money to the project both from the partner and from other parties or in kind, which are direct costs of the project that do not translate into money expenditures.*

2.3.3 Environmental and Social Risks.

For financial contributions equal to or greater than 50 thousand dollars, the organization will be obliged to comply with the Environmental and Social Risk Diagnosis Procedure. To do this, it is necessary to complete and sign the CHECKLIST, available on the website https://www.avina.net/transparencia/ section entitled "TEMPLATE FOR THE SUBMISSION OF PROPOSALS".

2.3.4 Pregrant Inquiry form.

In the case of projects with Avina Americas, the organization will be required to complete and sign the Pre-Grant Inquiry Form, available on the website https://www.avina.net/transparencia/ section entitled "TEMPLATE FOR THE SUBMISSION OF PROPOSALS".

The financial lines of the Pre-Grant must match the same budget lines.

3. Avina Validation

The Avina Ecosystem reviews all data and documents to ensure that they are aligned with the strategy approved for each Institutional Program. This validation includes:

- Verify that there is no conflict of interest, in accordance with the provisions of the Code of Ethics and the Particular Policy for the Prevention and Management of Conflicts of Interest.
- Verify that all the required supporting documentation has been collected and attached to the system.
- Check that the information requested in the systems has been completed properly.

This validation applies to all phases of the project.

4. Signing of the agreement

Once the proposal has been approved and the internal registration process has been completed, the next step is the signing of the agreement. This legal document formalizes and formalizes the project with the organization responsible for meeting the objectives, goals, indicators, and results established in the agreement.

The agreement includes the obligations, rights and responsibilities of the parties, the project term, the disbursement schedule, milestones, commitments and deliverables.

We stress the importance of knowing, understanding, and adhering to the policies and procedures mentioned in the agreement, to the extent they are applicable. Among them are the Particular Purchasing Policy for partners, the Code of Ethics and AVINA Protocols, available on the website: https://www.avina.net/politicas-y-protocolos/

In cases that require specific procedures to respond to requests from funding entities or comply with the local legislation of each country, these will be informed in the agreement and/or during the monitoring of the implementation by the Avina team, which will always be available to provide support and clarifications as necessary.

The legal document will be sent through the electronic signature platform for review and signature by the legal representative or authorized signatory, who must sign it electronically through said platform.

5. Start of the project

5.1 Boot Space.

Avina provides training and updating spaces in project management. To request them, please contact your reference person at Avina.

5.2 Policies, Protocols, and Procedures.

Below you will find the summaries of the policies mentioned in the signed conventions and/or agreements. However, we recommend reading each document in its entirety, available on the https://www.avina.net/politicas-y-protocolos/ website.

Code of Ethics: Ethical positioning and the principles that govern our organization, offering different stakeholders transparency about the set of values that guide our discourse and daily practices.

Specific Purchasing Policy for Partners: Details the procurement and contracting procedures that must be implemented by Avina's partner organizations when they use resources provided by the Avina Ecosystem.

Specific Travel Policy for Partners: This policy establishes the rules that regulate travel expenses made by partners and consultants who participate in an event/meeting organized and financed by the Avina Ecosystem. It also applies to partner organizations that are executing a project that considers making trips to meet the objectives and that is financed by the Avina Ecosystem.

Prevention of Money Laundering, Financing of Terrorism and Corruption: Provides guidance on prevention measures against the crimes of Money Laundering and Financing of Terrorism, for daily application at work.

Respect and Protection of People: We highlight the respect and protection of the human rights of people in vulnerable situations, so we are committed to installing mechanisms that allow us to enforce this commitment.

Complaint Prevention and Attention Procedure: a complaint and grievance resolution mechanism for the prevention, attention, investigation and intervention in the face of non-permitted conduct.

Gender equality and diversity policy: reflects how we live and act coherently to promote gender equality and the inclusion of diversities; and how our behaviours prevent, mitigate and address situations linked to inequalities, discrimination or abuse of power.

Conflict of Interest Prevention and Management Policy: Measures for the prevention and management of conflicts of interest aimed at employees and consultants of Fundación Avina and its ecosystem.

Protection of Informants and Witnesses: Criteria applied to safeguard and guarantee the security, confidentiality and protection of people who need to report or testify about prohibited or inappropriate conduct identified both internally and externally in the organization, related to the activities in which we participate or are involved, without fear of reprisals and with the assurance of being attended to promptly and compliantly.

Data Privacy: to generate complete congruence between our external actions and our internal practices. This policy incorporates standards and good practices of the Latin American and European legislations that regulate this matter.

Environmental and Social Risk Diagnosis Procedure: A Guide for the identification and evaluation of environmental and social risks that are then managed in accordance with the principles and guidelines established in the General Risk Management Policy, serving as a complementary tool to strengthen and guide general risk management practices.

Policy of Transparency in Institutional Communication on Social Investments: establishes the basic parameters under which information on social investments can be shared with audiences outside the Avina Ecosystem .

5.3 Contracting and purchasing process.

To advance in a contract or purchase, review the Particular Purchasing Policy for Allies and the Particular Travel Policy for Allies, available on the https://www.avina.net/politicas-y-protocolos/ website.

The criteria for selecting suppliers are **not** limited to cost, the following guidelines must be followed:

- Select and hire suppliers that comply with legal, technical and ethical criteria in their management practices.
- Ensure that the supplier is a reliable company or person capable of meeting the established requirements.
- Check to see if the providers are listed on the OFAC list.
- Promote, as far as possible, suppliers from the local market in the purchasing and contracting processes.
- Give preference to products or services from production and management processes that implement strategies for the elimination or mitigation of polluting impacts.
- Hire suppliers who adopt responsible social and environmental practices.
- Discarding products or services that involve child labor or labor exploitation.

• Exclude companies or individuals convicted of corruption, fraud or other malpractice.
• It is essential to maintain the principle of austerity in contracting and purchasing to ensure the efficient and responsible use of resources. This prevents waste and ensures that expenses are aligned with the project objective.
• Once selected, the supplier must maintain a formal relationship with the suppliers, with written support from all the negotiation instances and budgets that provide transparency to the management.

6. Project monitoring

6.1 Delivery of the agreed milestones and commitments.

Deliveries constitute the realization or fulfillment of activities, decisions, products, phases of a job or work, progress indicators, etc., which reflect that the project is successfully advancing to meet the defined objectives. **All document exchange must be done through the Partner Portal**, which is the communication channel for sharing documents and project progress reports.

All projects have an objective, as well as deliveries scheduled for compliance verification that are evidenced in ANNEX B - Schedule of Milestones, Disbursements and Commitments of the agreement. The planned deliveries are related to the proposal submitted and it is essential that they be fulfilled within the scheduled deadline.

From the Allies Portal, they will receive an email reminding them of the milestones and/or commitments that are about to expire, so that they can organize the information well in advance of the delivery date. Once they have the documentation ready, they can send it through the "Comments and Files" tab, within the "Projects" Module.

The delivery format may change according to requests. To safeguard the integrity of submissions, we recommend **not uploading files in editable formats or sharing links to web pages**. If it is necessary to make use of the latter, we suggest incorporating an image of the content of the website in which the information is clearly appreciated and thus avoid its loss in case the access links are deactivated.

6.2 Request for Changes.

To request any changes to the project, contact Avina's investment manager and make the request by mail. An amendment will be required whenever there are significant changes* in an investment.

**Significant changes are understood as: temporality, schedule, milestones, change in budget lines, locality, result, or any other issue identified as significant.*

7. Accountability

7.1 Narrative Report.

The narrative report is the **document where everything that happened in the development of the project is detailed.** To complete it, the proposal presented must be taken into account.

The narrative itself details the objectives met, the activities carried out and the dates, the problems and difficulties in implementation, how the conflicts were resolved, the achievements achieved, lessons learned, communication actions and, if available, additional information. All information that is considered important about the execution of the project must be referred to in the report.

If you have additional attachments such as: presentations, posters, press releases, news articles, photographs, etc., we ask that the delivery be preferably in a non-editable digital version. If the report has links to web pages, we suggest that an image of the web page where the information is detailed is also incorporated. **In the Partner Portal, once they have the documentation ready, they can send it through the "Comments and Files" tab, within the "Projects" Module.**

7.2 Financial Report.

A financial accountability is the result of how the resource was applied. It must be based on reality and the results achieved, and be supported by legitimate information, documents and evidence of execution.

The report must include a comparison between the approved budget and what has been executed, and, in case there are differences of more than 20% of what was budgeted in main items (or the specific % agreed in the contract), a justification must be included[5]. The expenses must be framed within the activities foreseen in the project and the term of the signed agreement.

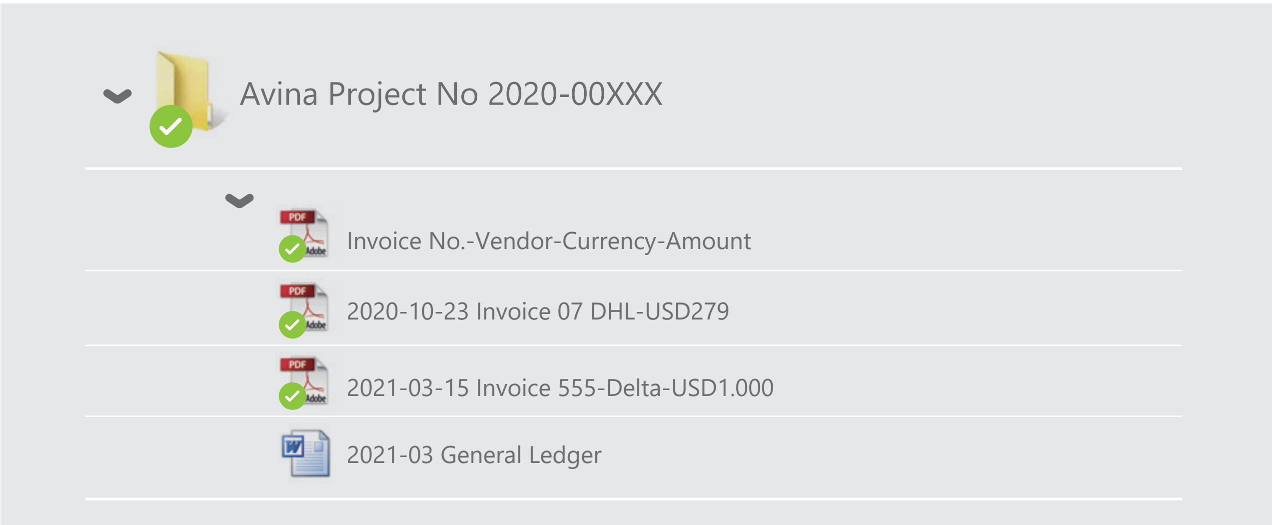
In the case of recording an executed counterparty, it must indicate the values and the comparison with what was estimated in the initial proposal. Next to each registered counterpart, you must identify the name of the donor organization and indicate the amounts received in kind and/or cash.

In the format made available by Avina, the detail of the executed counterpart must be highlighted in the table and must coincide in the general table of estimated and executed counterpart.

Receipts of the expenses incurred during the execution of the project, or the way in which they have been accounted for in its books, which constitute the support for the use of the funds, may be requested by Avina or by the financing entities involved during the term of execution of the project and/or period provided for by local law.

IMPORTANT: At the specific request of a funding organization or local legislation, it may be mandatory to submit proof of expenditure together with the accountability and/or use a bank account dedicated to the project. If this is the case, this will be indicated in the signed agreement or will be informed in writing by the responsible coordinator designated by Avina.

We suggest keeping a digital accounting movement file with all the data and documents related to payments (invoices, transfer vouchers, accounting record, etc.), as well as the balance sheets and accounting reports and naming them considering the following structure: Year-Month-Day - Invoice Number - Supplier - Currency and Amount.



[5] *For the justifications, it must show the comparison between the Budgeted and executed with the variations in money and percentages, in such a context, any difference greater than 20% of the main items must be justified, whether the difference is due to a higher or lower execution than budgeted.*

It is recommended to organize the information and supporting documents on a monthly basis, such as: tax documents that prove the transactions; spreadsheet with the list of payments, reconciled with the evidence; general ledger with the transactions of all expenses recorded; bank account balance; supporting documents of deliveries or activity performance (e.g., photo of the equipment showing the description of the asset - make, model - and state of conservation, digital file of the consulting product, report of attendance at events and photos, etc.); descriptive report with results, among others. Avina may require such documents at any time during the execution of the project, or at the time of reviewing accountability and/or in audit processes.

For any expense/disbursement there must be a fiscal document and be in one of the budget categories. Expenses can be verified by means of documents, and invoices/receipts and others must be issued in the name of the organization and with all the information regarding the expense, such as: date, description of products or services and activity carried out and legal data of the parties. In addition, it must comply with the Particular Policy for Purchases from Partners and other Avina Policies indicated in the signed agreement. Policies are available in www.avina.net, section titled "About Us," "Policies" tab.

If there are any remaining funds or interest earned in the financial report, the securities must be returned to Avina. For the use of this resource, there must be a written agreement on the use of said surplus, indicating the purpose to which the eventual balances will be destined and the amount to be used. If there is no prior agreement on the use of the funds, the organization must reimburse Avina.

This information is the basis for the presentation of the financial (or narrative) report. We suggest using the formats indicated by Avina, which incorporate all the points required for accountability. If they are presented in a different format, ensure that the information requested is incorporated. In the Partner Portal, once they have the documentation ready, they can send it through the "Comments and Files" tab, within the "Projects" Module.

Compliance checklist - Accountability

Before sharing your accountability through the Partner Portal, verify that the following elements are complete and organized to meet the minimum accountability standard required by the Avina Ecosystem, as established in the general clauses of the agreements.

Supporting documentation

- [ ] All signed legal documents, such as agreements, amendments or others, were uploaded to the Partner Portal.
- [ ] All documents related to the Milestones and Commitments signed in non-editable format and a receipt for each item were uploaded to the Allies Portal.
- [ ] All proof of payment, such as invoices, receipts, transfers or others (when mandatory) was uploaded.

Narrative Report

- [ ] Description of the activities carried out.
- [ ] Results achieved in relation to the objectives of the project.
- [ ] Justifications for deviations or changes in the work plan.
- [ ] Evidence (list of participants, photos, links, materials produced, etc.).

Financial Report

- [ ] Budget execution form for the total amount of the project.
- [ ] Justifications for variations greater than the agreed %.
- [ ] Currency conversion (if applicable) with the exchange rate used.
- [ ] Counterparty indication and background information (if applicable)
- [ ] Guarantee that the surrender is based on the last budget signed in the agreement.

BEST PRACTICES

- Consult the signed agreement, the Social Investment Management Guide and/or the Avina team whenever you have any questions.
- Maintain financial information systems and internal accounting and administrative controls, in order to provide the necessary documentation to allow the verification of the acquisitions and expenses of the Project that facilitates the timely preparation of financial statements, budgets and reports.
- Structure an accounting level, such as a cost center to have an easy visualization of the execution of resources and increase transparency.
- Make payments by bank transfer.
- Verify the budgeted x executed before making new payments.
- Make the deliveries of milestones and commitments within the deadline.
- Use the funds provided by Avina exclusively for the project.
- Selected suppliers must be verified at OFAC, as a means of guaranteeing their background.
- Observe accepted accounting practices that ensure the correct administration of funds.
- Ensure that the allied persons or organizations involved in the execution of the project comply with Avina's Policies and Protocols.

NOT ALLOWED

- Include modifications to the budget or activities without the prior written approval of the Avina Ecosystem.
- Making payments without a tax document or with blurred documents.
- Make payments outside the term of validity of the signed agreement.
- Carrying out financial operations and transactions that may entail speculative or other risks.
- Make payments to individuals or organizations that are not aware of the Avina Policies and Protocols.
- Acquiring products or services that involve child labor or labor exploitation, as established by the International Labor Organization (ILO);
- Hiring companies/individuals with proven convictions, for cases of corruption, fraud or other acts that violate human rights.

QUESTIONS AND ANSWERS

Can I modify the budget or a project activity?
To make a modification to the budget or any alteration to which it was signed in the agreement, a request must be made to the person project coordinator with the modification and detail for which it is desired modify. Approved, it is made and an amendment is signed.

How is the counterpart of a project calculated?
You should consider the financial or non-financial contributions used to execute the object of the agreement. They can be training, technical assistance, time dedicated and everything that is part of the execution of the project and they were not in the budget approved by Avina.

What to do in case you want to postpone the project deadline?
You must send a request by e-mail stating the reasons for the extension to the project coordinator on behalf of Avina, who will analyze the conditions and, being approved, the signature of a Amendment of the Convention.

If I have an interest or project balance, what should I do?
For the use of this resource, there must be a prior written agreement where the indicate the purpose to which the balance will be destined and the amount to be used. In the absence of approval for the use of funds, the organization must reimburse Avina at the time of submission of the surrender of accounts at the end of the project.

How is the disbursement of the project given?
The first disbursement is made by bank transfer in the name of the organization after the signing of the agreement. The others, if any, will be given in accordance with the deliveries and deadlines signed in the agreement or amendments.

How many times do you have to update the balance, consult, review, resort to the budget?
As many times as necessary, mainly before starting an activity to know how much money is available. It is essential to know how much money there is per category so as not to exceed the approved budget.

Fundación Avina

www.avina.net

@avina.net fundacionavina @fundacionAVINA @fundacionavina