

**SCCF on SPERI's intermediate report
PI 242559**

Following Narrative intermediate report' Q&A between SCCF and SPERI Period Feb to Jul, 2024 (Sent the answered from SPERI to SCCF in August 26, 2024)

The Financial explanation for detail as bellow :

- Could you please share more information on your financial situation and progress (summary of all key information including if there were budget changes, explanation of variation of budget lines outside of the natural project progression, challenges, conclusion on the balance left, etc.)
- More specifically, reflecting on the first 6 months of the project, do you identify any meaningful deviation from the project initial activities and budget, and/or additional needs arising? From the report, I noted that Activity 1 seems entirely completed, yet some funds were not used for example.

SPERI's answer:

1. Overview on financial situation and progress

Based on the contract signed between SCCF and SPERI, the project PI242559 is scheduled to start from 1 February 2024 and finish on 31 January 2025. However, due to some problems arising during the inter-bank fund transfer from France to Vietnam (it actually took 1.5 months for cross-checking and verification between the banks of both partners), SPERI has received the fund significantly later than original schedule - the first installment was received on 2 May 2024. As a result, the staff salaries for February, March, and April were paid in a lump sum in May, and there was also a delay in the implementation of some project activities. SPERI, however, has made every effort to accelerate the project implementation, and is now on schedule.

According to the financial report, SPERI has disbursed approx. 50% of the total budget in the first 6 months of the year. Based on our overall assessment, the budget is currently being used under our control, and no item has exceeded the committed budget.

2. Overview on budget lines, changes/variation

We have adjusted/added some costs during the project implementation based on the needs and actual implementation method. A detailed explanation is provided below. Please note that these adjustments do not change the committed budget.

Act 1. Due to the delay in receiving the fund, instead of conducting *Act 1: Organizing a Multi-stakeholders especially Key Farmers regarding forest and land owners under marginalized situations caused by Decree 107* and *Act 2: Training for 25 people to understand the practical processes; hence be able to re-practicing the process of field-data collection at village level*, as separate events, we combined these two activities into one event held from 6 - 13 April 2024, with

a total of 28 participants throughout the event. The travel expenses of the participants will be allocated to both activities. This is the reason why the budget for Act 1 was not fully used.

Budget allocation plan for Activity 1 in the next 6 months:

- 13% of the remaining budget under the Budget line 1.1 will continue to be used for working visits of SPERI management related to Decree 107 consultation and lobbying.
- 24% of the remaining budget under the Budget line 1.2: SPERI has registered the website and web data storage of co2justice. Therefore, this fund will continue to cover costs for maintenance and development of the co2justice website.

Act 2.

Budget line 2.1.

- There is a critical need for an independent and objective assessment of biomass and carbon stock measurements following SPERI's data collection from HEPA forests. SPERI has contracted with an independent legal entity with relevant expertise for survey, review and assessment of boundary changes, timber volume measurement, and calculation of carbon stock in above-ground biomass.

The following outputs have been achieved from this contract:

- Have a map system updated in 2024 regarding boundaries, area, overlaps, and encroachments compared to the cadastral map of boundaries and area managed by CHESH according to Decision 1230/5/6/2002; forest classification according to the latest legal guiding documents; updated functional zones and changes over time due to the change in map projection system from UTM to VN2000/2001, which serves a basis for building criteria for registering carbon credits over 310.7 ha and a total area of 529.9 ha including contracted area in the Ngan Pho River upper watershed;
- Have a digitized map system as prescribed by law for 310.7 ha and the total area of 529.9 ha including 50-year protection contracted area as well; calculated timber volume and carbon stock over 310.7 ha according to the current regulations of the Ministry of Agriculture and Rural Development;
- Have a comprehensive report as per the Terms of Reference (TOR) applicable to the biodiversity conservation area of the Ngan Pho River upper watershed, serving as a basis for sustainable management solutions covering 310.7 ha and the total of 529.9 ha towards CO2 Justice (www.co2justice.org).

We consider this content to be of significant importance in objectively comparing and evaluating manual vs. technological measurement methods along with recommendations for building a standardized legal framework.

The budget for this content is allocated under item 2.1, with an equivalent amount of 1,710€.

- The SPERI's carbon measurement database requires a photo library describing the entire carbon measurement training process including GPS coordinates of measured routes and

specific trees. Thus, instead of producing two videos for this activity. SPERI has signed a contract to produce one video and a photo database covering the entire implementation process.

B3. Administration (cost per year) HEPA

- Administration HEPA (electricity, water bills, internet, telephone): SPERI has allocated other additional office-related costs such as bank fees, document courier fees and stationery costs.
- Auditing: SPERI has registered 1C Enterprise 8.0 accounting software designed for specific needs of NGOs since 2020. Annually, we have to pay for the software service contract and the software maintenance contract to the supplier. Recently, we have paid the 2024-2025 software service contract with an amount of 125€, which we are allocating under the Auditing line. By balancing on the latest audit fee, the budget line for auditing is completely sufficient to cover both audit firm fee and software maintainance cost.

3. Challenges and recommendations

- Regarding the 6-month narrative report submission deadline: We think it is a bit urgent because the end date of the reporting period is 31 July 2024 while the deadline for SPERI's report submission is 1 August 2024. As you know, on 31 July there will still be many transactions for SPERI to process: payroll, payable accounts, operating expenses, etc. Thus, the accounting team needs more time to consolidate data, input it into the software, allocate costs, complete paperwork, and prepare financial reports. It would be better to have some additional days for the accounting team so that we have enough time to complete the report and send it to SCCF.

- Regarding the final report submission deadline: Project PI242559 is set to end on 31 January 2025. Normally, SPERI will need an additional month to collaborate with the audit firm to complete the auditing and issue an audit report. However, because this period of time coincides with the Vietnamese Lunar New Year holiday in 2025, SPERI proposes that SCCF postpones the final report submission deadline to 15 March 2025 instead of 1 March 2025./.