



LIFE-AR

LDC Initiative for Effective
Adaptation and Resilience

LIFE-AR STANDARD OPERATING PROCEDURES (SOP)

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Glossary

Adaptive management	Adaptive management is defined in USAID Automated Directives System (ADS) 201.6 as “an intentional approach to making decisions and adjustments in response to new information and changes in context.”
Adaptation Fund	The Adaptation Fund established as a World Bank trust fund to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change.
Aichi Commitments	The commitment to meet the biodiversity targets established by the United Nations’ Convention on Biological Diversity, a multilateral treaty, in an effort to protect and conserve the biodiversity that underpins global food security, health and clean water.
Audit Committee	Means the Audit Committee of the Board which may also have responsibility for Risk and Compliance. Until the Committee is established, the Board will undertake the functions allocated to the Committee.
Assurance	Building confidence by actively monitoring and managing risks presented by relationships with third parties by increasing the transparency, relevance and the value of information disclosed.
Audit Committee	The Audit Committee appointed by the Governing Body, which may also be responsible for risk and compliance.
Benchmarks	The Benchmarks against which Empowerment Due Diligence will be undertaken as set out in the SOP and Mandatory Policies.
Business Unusual	LIFE-AR's partner led approach (which includes "Customer" collaboration) is emphasised over protracted contract negotiation; useful outcomes are preferred over unnecessarily lengthy and detailed documentation; business relationships will be developed iteratively; Monitoring, Evaluation and Learning (as defined in definition of MEL Strategy) will be a priority; and management will be by exception.
CBO	Community-based organisation
Code of Conduct	The LIFE-AR Code of Conduct, which sets out the shared values, standards of integrity and behaviours expected of everyone working within and with LIFE-AR.
Consortia	A group of actors - public and private organisations - working together to implement LIFE-AR e.g. as a National Platform.
Conflict of Interest	A conflict of interest arises where someone’s personal or professional interests (whether financial or non-financial), or that of a related person or entity, could compete (or “conflict”) with the interests of LIFE-AR, their role or their impartiality.

Contribution Agreements	Contribution Agreements entered into between Development Partners and the LIFE-AR Facility.
COP	The Conference of the Parties – the supreme decision-making body of the UNFCCC.
CSOs	Civil Society Organisations
Delivery chain map	A report that lists the details of each procurement and its status and is updated as the procurement progresses from planning to completion.
Delivery Mechanisms	The delivery mechanisms chosen by FRCs to implement LIFE-AR activities at the national and the local level (see also National Platform). Delivery Mechanisms are transparent and accountable, have governance, management and financial arrangements that facilitate local adaptation by helping local actors prioritise adaptation actions, and by channelling flexible finance to these priorities.
Delivery Partner	Grant funded not-for-profit partners who are engaged by a LIFE-AR Participant to manage LIFE-AR activities, including the LIFE-AR Facility, the LIFE-AR Secretariat, and National Platforms, and to provide local level support. It does not include private sector service providers, who are called 'Suppliers' for the purposes of the SOP.
Development Partner	LIFE-AR's development partners, who have signed up to the LDC 2050 Vision and Partnership Compact.
Direct Access	Direct access to global climate funds by a national or regional entity rather than through an intermediary, ensuring the national or regional entity's management of all aspects of their climate adaptation and resilience projects, from design to implementation, to monitoring and evaluation.
Donor Dialogues	High level meeting with funders and development partners.
Due Diligence	An exercise to identify the skill, capability & capacity development requirements of a Delivery Partner to manage climate finance effectively in accordance with good practice.
Empowerment Due Diligence	The due diligence carried out by a LIFE-AR Participant to identify whether a Delivery Partner needs any additional resources to manage LIFE-AR funds in accordance with LIFE-AR's terms and conditions.
Enhanced Direct Access	Devolving greater decision making to national or regional entities than is possible through Direct Access, as the national entity can approve projects within a grant to national and sub-national partners, that align with the purpose and objectives of the grant, rather than this all being pre-approved.
Empowerment Action Plan	An action plan developed a Delivery Partner setting out how the Delivery Partner will source and fund any additional resources identified as being required in an Empowerment Due Diligence exercise.

Empowerment Due Diligence Checklist	This is a due diligence tool for use in identifying any additional resource requirements of Delivery Partners in order to manage LIFE – AR funds in accordance with LIFE-AR terms and conditions of funding.
Empowerment Pathway	LIFE-AR's support to Delivery Partners using the Due Diligence Empowerment and Empowerment Action Plan processes.
eProcurement	The use of information technology (especially the Internet) by governments in conducting their procurement activities with Suppliers for the acquisition of works, goods, and services.
Establishment Phase	The phase during which each FRC will set up the governance structures for their National Platforms, conduct scoping studies and design the Delivery Mechanism.
ESG	Environmental, Social and Governance
Financial Crime	All forms of bribery and corruption including: Money laundering; Terrorist financing; Fraud; Bribery (which includes offering, promising, accepting or seeking a bribe) and corruption (the misuse of office for private gain); Facilitation of tax evasion; Insider dealing and market manipulation or abuse; and Any other activity defined as financial crime (or equivalent) under any applicable legislation or regulation.
FOI	Freedom of Information
Fiduciary	The requirement of an individual to act in good faith; not to make a profit out of the fiduciary role; not to act where there is a Conflict of Interest; and not to act for the individual's own benefit or the benefit of a third person.
Front Runner Country or FRC	The first cohort of six front runner countries who have signed up to take LIFE-AR forward to deliver our 2050 Vision.
Funding Agreement	An agreement under which funding is provided to a LIFE-AR Delivery Partner.
FRC Focal Point	The designated national lead for each FRC
GCF	The Green Climate Fund created by the UNFCCC and which aims to support a paradigm shift in the global response to climate change. It allocates its resources to low-emission and climate-resilient projects and programmes in developing countries. It pays particular attention to the needs of societies that are highly vulnerable to the effects of climate change, in particular LDCs, Small Island Developing States ("SIDS"), and African States.

Governing Body	Any board of directors, management committee or other governing body of LIFE-AR stakeholders, including the LIFE-AR Board, the governing bodies of the National Platforms and governing bodies of Grantees.
Grant Agreement	Grant Agreement between a Grantor and a Grantee.
Grantee	Delivery Partners who are engaged under the LIFE-AR Granting Policy (Chapter 3 of the SOP) to manage LIFE-AR activities, for example the LIFE-AR Facility, the Secretariat, and National Platforms.
Grantor	A provider of LIFE-AR grant funding, for example the LIFE-AR Facility, the National Platforms or any Delivery Partner which provides grant funding in the LIFE-AR delivery chain.
Group Accountant	Group Accountant of the LIFE-AR Facility.
Head of Compliance	Means the Head of Compliance of the LIFE-AR Facility.
Head of Finance	Head of Internal Audit of the LIFE-AR Facility.
Head of Internal Audit	Head of Internal Audit of the LIFE-AR Facility.
Host Board Member	A trustee of IIED nominated by IIED to serve as a member of the LIFE-AR Board, who shall not be a member of staff of IIED nor the individual acting as the Secretariat Director.
HSES	Health, Safety, Environmental and Social.
IATI	The International Aid Transparency Initiative, a collaborative mechanism between Development Partners – government and philanthropic Development Partners, developing countries and technical support providers - to track aid flows to their end use and collate results. It relies on all partners joining the initiative and reporting financial flows and results.
IFC Environmental and Social Performance Standards	The International Financial Corporation (IFC)'s Environmental and Social Performance Standards Performance Standards (ifc.org)
IFRS	International Financial Reporting Standards
IIED	The UK International Institute for Environment and Development, which shall be the initial host of LIFE-AR, and provide the initial Secretariat and Secretariat Director.
Incident	Means an unplanned event that has already happened and needs action to manage it so that any negative impact on LIFE-AR's objectives is minimised. An event that has occurred is not a risk and should not be suddenly entered on the risk register once it has happened or is certain to happen, except to bring in new internal controls to mitigate such an event in the future.
Internal Audit	The Internal Audit Unit of the LIFE-AR Facility.

LDC	The “Least Developed Countries” – the 46 nations that are especially vulnerable to climate change but have done the least to cause the problem.
LDC Chair	The chair of the LDC Group selected by the LDCs in accordance with the LDC Election Guidelines and who serves as the chair of the LIFE-AR Board.
LDC Election Guidelines	The rules of procedure for the selection of the LDC Chair and other positions in the LDC Group [Link] .
LDC Group	The Least Developed Countries Group supports LDCs to negotiate as a bloc at the intergovernmental negotiations under the UNFCCC sessions, to effectively represent their collective needs.
LDC Group Charter	Terms of reference and governance of the LDC Climate Change Group [Link] .
LDC Offer and Ask	The LDC governments’ commitments to ambitious, low-carbon, climate-resilient development, and the ask of the international community as set out in the Partnership Compact.
LDC Strategic Advisors	The strategic advisors to the LDC Group
LDC Secretariat	The interim Secretariat of LIFE-AR, hosted by IIED
LDC 2050 Vision	The LDC 2050 Vision is for all LDCs to be on climate-resilient development pathways by 2030 and to be net-zero by 2050 to ensure their societies, economies and ecosystems thrive, as set out in paragraph 1 of this Introduction to the SOP.
LIFE-AR	The LDC Initiative for effective Adaptation and Resilience (LIFE-AR).
LIFE-AR Board	The LIFE-AR Board as described in paragraph 5 of LIFE-AR’s Governance Policy (Chapter 2 of the SOP [Link]).
LIFE-AR Participant	Everyone involved in LIFE-AR activities, including the LIFE-AR Board (and any committee of the LIFE-AR Board), Consortia, Delivery Partners, Development Partners, Governing Bodies, Grantees, Grantors, the LIFE-AR Technical Lead, National Platforms, the Secretariat, the Secretariat Director and Suppliers.
LIFE-AR Facility	The various components that make up the structure for LIFE-AR at the global level, which allows it to support the LDCs to deliver climate finance to the local level. These components include the LIFE-AR Board and LDC Chair, the LIFE-AR Technical Lead, Technical Working Group and Secretariat, as well as the LDC strategic advisers, and the legal structure, and governance and operating framework within which these entities implement LIFE-AR’s activities.
LIFE-AR Principles	The LIFE-AR Principles are to: work together on a shared and equal platform; invest behind integrated, holistic and ambitious climate planning; commit to a shared goal of 70% finance flows supporting

	action on the ground in LDCs by 2030; work at the pace of individual LDCs; and leave no country and no one behind.
LIFE-AR Strategy	The LIFE-AR strategy for delivering the LDC 2050 Vision [Link] .
LIFE-AR Technical Lead	The LIFE-AR Technical Lead, as described in paragraph 7 of LIFE-AR's Governance Policy [Link] (Chapter 2 of the SOP).
LIFE-AR Workstreams	The three LIFE-AR Workstreams: Countries develop LIFE-AR delivery mechanisms; Effective governance and influence through the LIFE-AR Facility; and The LIFE-AR community of practice.
LoCAL	A UNCDF initiative to help local governments and developing countries access climate finance, capacity-building and technical support to respond and adapt to climate change.
LUCCC	LDC Universities Consortium on Climate Change.
Malpractice	Means: Breaches of the Code of Conduct and Mandatory Policies; Criminal offences, including those in relation to bribery and corruption and tax evasion facilitation; Miscarriages of justice; Danger to the health and safety of any individual; Damage to the environment; Breach of any legal or professional obligation, including those in relation to bribery and corruption and tax evasion facilitation; Deliberately concealing any of the above; Any other form of misconduct
Mandatory Policies	LIFE-AR's Safeguarding Policy, Anti-Corruption and Integrity and Whistleblowing policies together with the IFC Performance Standards, and such other policies as may be adopted by the LIFE-AR Board from time to time.
MDBs	Multilateral Development Banks
MEL	Monitoring (monitoring how LIFE-AR's activities are being implemented and whether they are being implemented as planned), Evaluation (understanding the quality of the programmes and that the programmes are achieving the outcomes planned) and Learning (what we can change or do better based on the information that we have).
MEL Plan	The LIFE-AR MEL Plan adopted from time to time by the Board of LIFE-AR [Link] .
MEL Strategy	The strategy for LIFE-AR's MEL.

National Adaptation Plan Global Network	A network established in 2014 to support countries to advance their NAPs processes
National Platform	The arrangements and actors in each FRC for the delivery of climate finance to the local level. These include the FRC's preferred delivery and financial management arrangements. National Platforms may take different forms e.g. a Project Implementation Unit ("PIU"), NGO, international organisation, or government systems) that support the Delivery Mechanism by which finance will be invested at the local level (e.g. devolving climate funds to local government, social protection mechanisms or enterprise support) and its institutional and operating arrangements.
National Platform Operating Procedures or NPOP	The standard operating procedures of a National Platform.
NAPs	National Adaptation Plans
NDCs	Nationally Determined Contributions
NGOs	Non-Governmental Organisations
OCP	Open Contracting Partnership
OCGP	Open Contracting Global Principles
Open Contracting	Open contracting is about publishing and using open, accessible and timely information on public contracting to engage citizens and businesses to fix problems and deliver results.
Open Contracting Partnership	The Open Contracting Partnership (www.open-contracting.org) is an independent non-profit public charity 501(c)(3) working in over 50 countries. A silo-busting collaboration across governments, businesses, civil society, and technologists to open up and transform government contracting worldwide. Bringing open data and open government together, they make sure public money is spent openly, fairly and effectively on public contracts, the single biggest item of spending by most governments. They support reformers from government, business and civil society to make reforms stick, help their innovations jump scale, and foster a culture of openness around the policy, teams, tools, data, and results needed to deliver impact.
Paris Agreement	The legally binding international treaty on climate change adopted by 196 parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.
Partnership Compact	A non-legally binding declaration of the LDCs and the Development Partners that reflects a shared commitment by LDC and the international community to the LDC Offer and Ask, behind the LDC 2050 Vision.
PIU	Project Implementation Unit

Procurement	The process comprising the five steps of planning, tendering, awarding, contracting and implementation by which goods works or services are purchased.
Programme Budget	The programme budget of the National Platform, Delivery Partner or Supplier to be funded from LIFE-AR.
Programme Manager	The Programme Manager of the LIFE-AR Facility.
QUANGO	Quasi autonomous NGO
REEEI	The LDC's Renewable Energy and Energy Efficiency Initiative for Sustainable Development.
Risk	Means an uncertain event that might affect the outcome of an organisation's operations, or with a potential impact on the delivery of its objectives.
Risk Appetite	Risk Appetite is the level of risk that the Governing Body of each organisation involved in LIFE-AR is willing to take and tolerate in the pursuit of LIFE-AR's objectives.
Risk Management	Means the co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation.
Risk Register	Means a structured record that documents all potential risks an organisation involved in LIFE-AR, along with their likelihood, impact, ownership, and mitigation actions.
Scale-Up Phase	Scale-Up Phase enables countries to demonstrate the value of the climate-related intervention at sufficient scale to prove their track record and so access Green Climate Fund ("GCF") finance.
Scheme of Delegation	The Scheme of Delegation approved by the LIFE-AR Board under which the LIFE-AR Board, in accordance with LIFE-AR's Governance Policy (Chapter 2 of the SOP), delegates certain decision-making responsibilities across the LIFE-AR Facility in order to facilitate the implementation of the LIFE-AR Initiative [Link] .
SDGs	The Sustainable Development Goals – the 17 goals adopted by all United Nations' members in the 2030 Agenda for Sustainable Development, which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The SDGs are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.
Sendai Commitments	The Sendai Framework of Voluntary Commitments initiative launched in the lead-up to the third United Nations World Conference for Disaster Risk Reduction (WCDRR) in March 2015 to support the development of partnerships at all levels to implement the Sendai Framework.

Sendai Framework	The Sendai Framework for Disaster Risk Reduction 2015-2030 adopted by United Nations members on 18 March 2015 at the third WCDRR in Sendai City, Miyagi Prefecture, Japan. The Sendai Framework recognizes that the state has the primary responsibility to reduce disaster risk, but it also underlines the shared responsibility of other stakeholders including local government, the private sector, academia and civil society.
Standards	The standards adopted by LIFE-AR and required to be adopted by Delivery Partners to guide everyone in how to manage LIFE-AR funds effectively, which are set out in the SOP and Mandatory Policies.
Secretariat	The LIFE-AR Secretariat is responsible for the day to management of LIFE-AR under the leadership of the Secretariat Director, and the supervision of the LIFE-AR Board.
Secretariat Director	The Secretariat Director, as described in paragraph 8 of the LIFE-AR Governance Policy (Chapter 2 of the SOP Governance Policy[Link]).
SOP	The Standard Operating Procedures of LIFE-AR.
Supplier	Commercial - or for-profit - suppliers of goods, works or services to LIFE-AR Participants. This would include consultants and contractors who are procured under the LIFE-AR Procurement Policy to provide goods, works or services, e.g. financial management services or constructing assets.
Test & Evolve Phase	The phase of LIFE-AR activities that ensures that each Delivery Mechanism works for different contexts.
Theory of Change	The LIFE-AR Theory of Change [Link]
TOR	Terms of Reference.
TWG Member	Member of the TWG
UNFCCC	United Nations Framework Convention on Climate Change.
UNFCCC LEG	Least Developed Countries Expert Group
Whistleblower	Anyone who raises a complaint or concern about how LIFE-AR or any LIFE-AR Participant has been carrying out its LIFE-AR activities, including actual or suspected wrongdoing or misconduct, fraud, a breach of the Mandatory Policies or poor performance.
Whistleblowing	Means reporting suspected Malpractice in relation to LIFE-AR activities.
Workplan & Budget	A document setting out the technical and financial workplan and budget for funding to a National Platform

Introduction

THE LDC RESPONSE TO CLIMATE CHANGE

1. The climate emergency calls for a historic shift in the way LDCs and the international community respond to climate change.

The **LDC 2050 Vision** is for '*LDCs to be on climate resilient development pathways by 2030 and deliver net-zero by 2050 to ensure societies, economies and ecosystems thrive*'.

2. As the primary means to deliver the resilience elements of the LDC 2050 Vision, LIFE-AR aims to support the LDC commitments, the '**LDC Offer**':
 - a. We will work with the whole of society to achieve a low-carbon, climate-resilient future.
 - b. We will develop strong climate finance architecture, with at least 70% of flows supporting local-level action by 2030.
 - c. We will integrate adaptation, mitigation and resilience into our national and local development objectives.
 - d. We will strengthen our climate capabilities, institutions, knowledge, skills and learning.
 - e. We will create more inclusive governance of climate decisions that are centred on gender transformation and social justice.
3. These are the commitments that the FRCs (Bhutan, Burkina Faso, Ethiopia, The Gambia, Malawi and Uganda) are taking forward to deliver LIFE-AR, Business Unusual and the LDC 2050 Vision.
4. The LDC Offer focuses on Business Unusual approaches, which include taking forward coordinated whole of society responses that bring government, civil society, academia, private sector and local communities together across sectors and connect them across governance levels. This approach has been adopted to ensure that at least 70% of climate finance reaches the local level by 2030; to develop integrated and holistic long-term planning and policies; to build LDC capabilities and institutions for retention of knowledge; skills and learning; and to have inclusive governance of climate decisions.
5. LIFE-AR has a ten-year strategy which sets out three phases, the Establishment Phase, the Test and Evolve Phase, and the Scale-Up Phase. LIFE-AR operates a model that is adaptive and flexible, based on the pace of LDCs, where LDCs set the direction on how they will deliver the LDC Offer based on what is most suitable to their context.
6. Achieving a climate-resilient future across LDCs by 2050 is an ambitious goal that requires partnership. The LDCs thus invited the international community to join with them in making their LDC 2050 Vision a reality. The LDC 2050 Vision includes the '**LDC Ask**' - how the international community can align their efforts with the LDC Offer as part of a shared LDC vision. The LDC Ask focuses on how the international community (Development Partners, climate funds, NGOs, private sector) can also adopt Business Unusual approaches to advance climate resilience in LDCs. The LDC Ask calls for high quality, accessible and predictable finance that aligns with the 70% by 2030 LDC goal noted above, to work together to reduce transaction costs and ensure mutual accountability behind LDC leadership, to work with LDCs in the long term to strengthen LDC institutional capabilities, to invest in LDC climate resilient net zero economies and

technology and to develop their own ambitious strategies for 1.5 degree low carbon climate resilient pathways.

7. Delivering on the LDC Ask and Offer will help both the providers of climate finance to streamline the requirements of LDCs to access finance and enable the LDCs to meet the requirements. It will also help develop the track records required to meet simplified requirements for accreditation to enhanced direct access from the dedicated climate funds. Getting enhanced direct access is critical for the LDCs to access finance that allows them to devolve decision making on fund allocation closer to the local level.
8. LIFE-AR has developed the Partnership Compact [\[Link\]](#) and the LIFE-AR Principles.
9. The LIFE-AR Principles, which are set out in the Partnership Compact [and the Governance Policy] aim to ensure increased effectiveness of climate action and development cooperation through aligning support to deliver coherently the SDGs, the Paris Agreement, the Sendai Commitments and the Aichi Commitments, and the Paris Declaration on Aid Effectiveness, to ensure real action across the whole of society in the most vulnerable countries and communities.
10. LIFE-AR's commitment to Business Unusual innovation is underpinned by commitments to:
 - a. Uphold the highest standards of financial and ethical conduct in all of its activities;
 - b. Good practice governance recognising that LIFE-AR is ultimately accountable to the LDCs' citizen communities for all decisions and actions;
 - c. "Zero tolerance" towards fraud, bribery, corruption, money laundering and terrorism financing;
 - d. Radical transparency and openness;
 - e. Effective management of risk;
 - f. Effective compliance not "box ticking"; and
 - g. The smart use of audit.
11. LIFE-AR has been taking forward implementation of the LDC Offer and Ask and operates under the oversight of the LIFE-AR Board, chaired by the LDC Chair. The LIFE-AR Board oversees the establishment of the governance, control and decision-making system for LIFE-AR. The LIFE-AR Board has the ultimate authority and accountability for the delivery of the LIFE-AR. The Secretariat currently provides the governance and fiduciary controls for the initiative, reporting to the LIFE-AR Board.
12. In line with the **LIFE-AR Principles**, the LIFE-AR Board provides a space for LDCs and representatives of Development Partners to come together under the shared LDC 2050 Vision, working together collectively to advance progress in LDCs. The LDCs are exploring options for the establishment of an LDC owned legal entity to house LIFE-AR. The LIFE-AR Board has requested that SOP be developed for the operational management of LIFE-AR. The SOP set out the policies, guidance and procedures for the LIFE-AR Facility, and so support a smooth transition process to an LDC owned legal entity, ensuring that the FRC's ability to deliver on the ground is not delayed by any transition process. This document sets out the SOP.

PURPOSE OF THE SOP

It is an important principle of the SOP that LIFE-AR processes are streamlined and manageable.

National Platforms and local partners' feedback on how the SOP work in practice will be used to improve the LIFE-AR processes over time.

1. The SOP provide LIFE-AR with:
 - a. The *Standards* necessary to enable the effective delivery of LIFE-AR. In particular with consistent and transparent financial controls supported by compliance, risk management and audit systems.
 - b. The *Benchmarks* to allow LDCs to develop their own financial and compliance systems to deliver LIFE-AR funds; to undertake Empowerment Due Diligence on these systems and develop Empowerment Action Plans to strengthen these systems where required; and to develop the track record to secure **Enhanced Direct Access** to global climate funds (e.g. GCF and the Adaptation Fund).
2. The SOP also sets the accountability framework between the LIFE-AR Facility and the National Platforms.
3. The SOP consists of the following chapters
 - a. The Code of Conduct
 - b. Governance Policy
 - c. Granting Policy
 - d. Procurement Policy
 - e. Financial Management
 - f. Risk Management
 - g. Audit and Compliance
 - h. Reporting
 - i. Communications and Engagement
 - j. Guidance on developing National Platform Operating Procedures
4. Unless LIFE-AR requires a more frequent review of a particular component of the SOP, the SOP will be reviewed at least once every three years to ensure that they continue to be fit for purpose for use by LIFE-AR.

EMPOWERMENT PATHWAY

1. The Secretariat will support the National Platforms in developing their own operating policies and procedures and will [certify when these are compliant with the SOP].
2. The SOP will provide the framework for supporting each LDC's Empowerment Pathway. This pathway has at its core an approach to identifying the capability strengthening requirements (if any) of National Platforms and Delivery Partners through Empowerment Due Diligence, and to the provision of support to build capability and capacity where it is required through Empowerment Action Plans, together with the required oversight of their activities.
3. The SOP include a staged Empowerment Due Diligence approach to the assessment of capabilities and includes triggers for the levels of support for skills and systems strengthening as well as the oversight required whilst capabilities are being strengthened. Empowerment Due Diligence is undertaken throughout the LIFE-AR delivery chain which is shown in Figure1. Below.

Figure 1. Outline LIFE-AR Delivery Chain

	LIFE-AR Platform	National Delivery Platform	Delivery Partners
Role	☐ Oversight of LIFE-AR initiative ☐ Approve LIFE-AR strategy ☐ Approve LIFE-AR budget ☐ Approve LIFE-AR annual plans ☐ Technical support to national partners planning ☐ Oversee implementation of LIFE-AR activities ☐ Approve risk appetite ☐ Oversee risk management, compliance and audit ☐ MEL and financial reporting to stakeholders	☐ Oversight of national platform ☐ Approve national platform strategy ☐ Approve national platform budgets ☐ Approve national platform annual plans ☐ Oversee implementation of national platform activities ☐ Approve risk appetite ☐ Oversee risk management, compliance and audit ☐ MEL and financial reporting to stakeholders	☐ Implementation of activities ☐ Support budget preparation, manage budget ☐ Procurement processes and contract management ☐ Reporting to national partner (financial, compliance, outcomes)
Due diligence	☐ Due diligence	☐ Empowerment due diligence ☐ Situational analysis ☐ Financial consultancy ☐ On-going smart compliance, monitoring and auditing	☐ Empowerment due diligence ☐ Empowerment action plans ☐ On-going smart compliance, monitoring and auditing
Funding instrument	☐ Grant funding	☐ Grant Funding	☐ Grant or contract

THE SOP

The table below provides links to each of the chapters of the SOP and a summary of the content of each chapter.

NOTE: The status of the SOP documents is shown in the table below.

Chapter	Summary of Content
Code of Conduct	Chapter 1 - Code of Conduct sets out LIFE-AR's expected standards of conduct in relation to anti-corruption and integrity, ethical conduct, safeguarding, risk management, procurement, granting, tax, disclosure of information, environmental and social sustainability, equality, diversity and inclusion, remuneration, expense reimbursement, and whistleblowing. The Code of Conduct incorporates the International Financial

	Corporation's Environmental and Social Performance Standards and LIFE-AR's policies on Transparency, Safeguarding, Anti- corruption and Integrity, and Whistleblowing.
Governance	Chapter 2 – Governance Policy (i) describes the governance and decision-making structure of the LIFE-AR Facility including the governance bodies, their composition, roles and responsibilities and how they make decisions; (ii) sets out the Standards and Benchmarks for the design of the governance of the LIFE-AR Facility, the National Platforms and Grantees to ensure that all entities managing LIFE-AR funds have in place governance and manage their activities in accordance with governance best practice; and (iii) sets out the ToR for the Board, the Technical Working Group, the LIFE_AR Technical Lead, the Secretariat Director, the Secretariat, and the Scheme of Delegation (which sets out the decision-making authorities across the LIFE-AR Facility)
Granting	Chapter 3 - Granting Policy sets out set out LIFE-AR's policy on making grants and Standards and Benchmarks for granting by the LIFE-AR Facility and Secretariat, the National Platforms and any Delivery Partners or Suppliers that have responsibility for granting anywhere along the LIFE-AR delivery chain. The Granting Policy covers activities all along the grant cycle from early-stage planning to reporting on grant outcomes. It also sets out LIFE-AR's approach to Empowerment Due Diligence for use by the LIFE-AR Facility and Secretariat and by National Platforms and other Grantors when making grants using LIFE-AR funds. Empowerment Due Diligence means building on the delivery capabilities identified through a robust due diligence process and using the due diligence findings to support strengthening, should that be required, in a phased and flexible manner. The Granting Policy should be read with the Empowerment Due Diligence Checklist, which is included in the list of templates in the Annex to this document.
Procurement	Chapter 4 - Procurement Policy sets out LIFE-AR's procurement policy and procurement Standards and Benchmarks to be applied by the LIFE-AR Facility and Secretariat, the National Platforms and any Delivery Partners or Suppliers that have responsibility for procurement anywhere along the LIFE-AR delivery chain. The Procurement Policy should be read with the procurement templates, which are included in the list of templates in the Annex to this document.
Finance Manual	Chapter 5 - Financial Management Policy sets out the LIFE-AR financial management policies and procedures for the National Platforms' and Grantees' financial management.
Risk Management	Chapter 6 - Risk Management Policy sets out LIFE-AR's approach to risk management, and includes the policies and procedures for the LIFE-AR Secretariat, National Platforms and Delivery Partners.
Audit and Compliance	Chapter 7 – Audit and Compliance Policy sets out LIFE-AR's approach to audit and compliance, including the audit and compliance policy and procedures of the LIFE-AR Secretariat, National Platforms, Grantors and Grantees.
Reporting	Chapter 8 - Reporting Policy sets out LIFE-AR's reporting policies covering finance & risk, activity and incident, reporting and reporting for Development Partners the National Platforms, Grantors and Grantees.

Communications	Chapter 9 – Communications Policy sets out LIFE-AR's communications policy for the LIFE-AR Facility, the Secretariat, the National Platforms, Grantors and Grantees.
National Procedures	Platform Chapter 10- National Platform Procedures sets out the requirement for the National Platform to prepare an Operating Procedures Manual.

Chapter 1: Code of Conduct

I. DOCUMENTS REFERRED TO IN THIS CODE OF CONDUCT

LIFE-AR's governance resources are published on LIFE-AR's website [\[Link\]](#). The table below sets out the Standards referred to in this Code of Conduct, and links to associated policies, if applicable.

Standard	Associated Policies
Standard 1 – Anti-Corruption and Integrity	Chapter 1 Annex C - Anti-Corruption and Integrity Policy [Link]
Standard 2 – Ethical conduct	None
Standard 3 – Safeguarding	Chapter 1 Annex B -Safeguarding [Link]
Standard 4 – Risk Management and Internal Controls	Chapter 6 Risk Management Policy [Link]
Standard 5 – Procurement	Chapter 4 Procurement [Link]
Standard 6 – Granting	Chapter 3 Granting [Link]
Standard 7 – Tax	None
Standard 8 – Disclosure of Information	Chapter 1 Annex A - Transparency Policy [Link] .
Standard 9 - Environmental and Social Sustainability	International Finance Corporation Performance Standards on Social and Environmental Sustainability [Link] .
Standard 10 - Equality, Diversity and Inclusion	None
Standard 11 – Remuneration	None
Standard 12 – Expense Reimbursement	Chapter 5 - Finance Manual [Link]
Standard 13. Whistleblowing	Chapter 1 Annex D - Whistleblowing Policy [Link]

II. INTRODUCTION

LIFE-AR aims to support a shift away from 'business-as-usual' approaches to a more effective and ambitious climate response. LIFE-AR is an LDC led initiative, which serves as one of the primary vehicles for delivering the LDC 2050 Vision for a climate-resilient future. It is essential that we adhere to the highest ethical standards in all of our activities. This will enhance our reputation and help us to achieve our goals.

This Code of Conduct guides all LIFE-AR Participants on the conduct that is expected of everyone and assists everyone in thinking about situations that arise. The Code of Conduct cannot cover every situation that arises. LIFE-AR Participants must apply common sense in applying the Standards set out in the Code of Conduct to guide their actions. If any LIFE-AR Participant, or any third party, has a concern about any behaviour, a LIFE-AR Participant, or any third party, can report our concerns to the **Whistleblower Helpline** [\[Link\]](#).

Defined terms used in this Code of Conduct have the meaning used in the Glossary in the Introduction to the SOP [\[Link\]](#), unless defined in this Code of Conduct.

Every person engaged in LIFE-AR activities must comply with the spirit and the letter of this Code of Conduct and the Mandatory Policies.

Every organisation engaged in LIFE-AR activities must take proportionate and appropriate measures to:

- Comply with this Code of Conduct and the Mandatory Policies.
- Embed our culture of integrity, transparency and compliance, and our commitment to the highest ethical standards;
- Provide awareness training for everyone engaged in LIFE-AR activities;
- Adopt appropriate and proportionate policies covering the matters addressed in this Code of Conduct and the Mandatory Policies;
- Put in place measures to demonstrate adherence to this Code of Conduct and the Mandatory Policies, and ensure that these are promptly and fairly investigated; and
- Undertaking appropriate due diligence and on-going monitoring on organisations that LIFE-AR engages with to ensure that they share our culture and commitment to ethical standards, and have in place appropriate measures to identify corrupt, illegal or unethical behaviour including money laundering, terrorism financing, and modern slavery, and any misconduct of any kind.

STANDARD 1 – ANTI-CORRUPTION AND INTEGRITY

- All LIFE-AR Participants must observe the highest standards of financial and ethical conduct.
- LIFE-AR has a policy of “zero tolerance” towards fraud, bribery, corruption, money laundering and terrorism financing.
- All LIFE-AR Participants must comply with the Anti-Corruption and Integrity Policy attached at Annex C to this Code of Conduct.

Benchmarks

- We never engage in bribery or corrupt practices, nor make or accept facilitation payments.
- We must take all appropriate measures to prevent and combat, fraud and corruption, and do everything we can to ensure compliance by others with whom we conduct LIFE-AR business including:
 - Regularly taking measures to understand and assess the risks of fraud and corruption, and other forms of corrupt or illegal behaviour;

- Taking appropriate measures to know the identity of the people that we do business with by taking reasonable measures to verify their identity based on a reliable independent source (such as a passport), or in the case of a company to understand the ownership and control structure of a legal person, trust, company, foundation or similar legal arrangement; and
- Undertaking due diligence on organisations that LIFE-AR engages with to ensure that they share our culture of zero tolerance and have in place appropriate measures to combat fraud and corruption, and other forms of corrupt or illegal behaviour including money laundering, terrorism financing, and modern slavery.

Some examples of measures to combat fraud and corruption, and other forms of corrupt or illegal behaviour.

Open budgeting and open contracting ¹	Risk assessments
Whistle-blower hotline	Awareness training
Access to procurement and granting information	Record keeping
Due diligence of LIFE-AR Delivery Partners	Incident investigations
Detection measures	Citizen digital verification of outcomes
Internal and external audits	

STANDARD 2 – ETHICAL CONDUCT

- All LIFE-AR Participants must adopt the highest standards of personal and organisational ethical conduct.
- LIFE-AR has a policy of “zero tolerance” towards prejudice, intolerance and discrimination whether based on ethnicity, gender identity, sexual orientation, religion, disability, age, social or economic status, marriage or any other grounds.
- LIFE-AR activities are financed from public funds and LIFE-AR Participants are accountable to LIFE-AR's stakeholders, and in particular to citizens of the LDCs and finance providers.

Benchmarks

- We place the interests of the LIFE-AR ahead of personal, professional, intra-organisational and inter-organisational interests.
- We avoid situations and activities that may reflect adversely on LIFE-AR and its reputation, compromise its activities or lead to actual or perceived conflicts of interest.

STANDARD 3 – SAFEGUARDING

- LIFE-AR has a policy of “zero tolerance” towards safeguarding violations.
- LIFE-AR is committed to gender equality and non-discrimination through all our processes.
- We will not tolerate sexual exploitation, gender-based violence and harassment (“GBVH”), abuse, bullying or harassment in any form, and we are committed to putting the voices, rights and support of victims and survivors at the heart of our approach.
- We are committed to reducing the risk of modern slavery and child labour in the workforce, contractors and primary supply chain.

¹ Open contracting means **all data and documents are disclosed at all stages of the contracting process**. This supports organisations to increase contracting transparency, and allows deeper analysis of contracting data by a wide range of users - Open Contracting - GOV.UK (www.gov.uk)

- We will seek to ensure that all workers understand both our expectations and their rights.
- In all instances the wellbeing of our workers and the communities they interact with is paramount. A suspected or actual incident of sexual exploitation, GBVH, abuse, bullying, harassment, modern slavery or child labour will be treated as a serious incident by LIFE-AR and shall be escalated immediately through the [LIFE-AR Incident Reporting Procedure] to the [Secretariat].
- All LIFE-AR Participants will comply with the Safeguarding Policy attached at Annex B to this Code of Conduct, which shall be implemented, monitored and reported on as part of [LIFE-AR's HSES management system].

Benchmarks

- All LIFE-AR Participants must adopt and implement robust and appropriate safeguarding policies and procedures using a risk-based management approach (the Safeguarding Policy shall be a minimum standard) and continuously monitor and report to LIFE-AR on compliance with its safeguarding policies and procedures in accordance with [LIFE-AR's HSES management system].
- Such policies and procedures will cover induction and training, safer recruitment, use of security services, health and safety, GBVH, sexual relationships, freedom of association, stakeholder and community engagement, and grievance and whistle-blowing mechanisms based on the safety, protection and support of survivors and whistle-blowers. All LIFE-AR Participants shall recognise and implement the different approaches needed to protect vulnerable groups such as children and people with disabilities.
- Ensure resources, templates, policies and procedures are widely shared across the LIFE-AR community and enable access to training on good safeguarding practice that responds sensitively to the specific power dynamics and legal frameworks of the places that LIFE-AR is working in.

STANDARD 4 – RISK MANAGEMENT AND INTERNAL CONTROLS

- We develop and maintain a sound framework for the identification and management of developmental, business and financial risk in accordance with our Risk Management Policy [\[Link\]](#) at Chapter 6 of the SOP. We recognise that different stakeholders have different perceptions of risk, and that risk must be managed collaboratively in the interest of LIFE-AR and all, and not only some, stakeholders.
- Achieving LIFE-AR's objectives requires us to experiment and innovate, and to do some things differently (Business Unusual). Our risk appetite embraces uncertainty and risk, accepting the risk of failure being an intrinsic part of innovation – and so invest in reviewing progress to enable “failing fast” to minimise resource waste. We manage the risks of innovation by assessing, and understanding the risks, putting in place measures to mitigate the risks where we can, and quickly limiting the impact of failures.
- We quickly capture and share the lessons learned from both failure and success, build these lessons into the way we work and share what we have learnt with each other.

Benchmarks

- We work together in recognising that different stakeholders have different perceptions of risk in determining the nature and extent of the significant risks that they are willing to take in achieving the LIFE-AR's strategic goals; and in assessing and managing these risks.
- All LIFE-AR Participants must report any potential or actual risks arising to their governing body and escalate incidents in accordance with the escalation procedures set out in SOP Chapter 6 - Risk Management Policy [\[link\]](#).
- All Governing Bodies are to conduct a review annually of their risk appetite and the effectiveness of their risk management and internal control systems. The review must cover all material controls, including financial, operational and compliance controls and compliance with the SOP.

STANDARD 5 – PROCUREMENT

- All LIFE-AR Participants must procure goods, works and services in accordance with the core principles of competition and value for money, equal treatment, non-discrimination, transparency and accountability.
- ‘Business Unusual’ procurement focuses on the concept of radical transparency, inclusion, openness and innovation.

Benchmarks

- All LIFE-AR Participants to procure in accordance with the highest standards of financial integrity and cost effectiveness and comply with SOP **Chapter - 4 Procurement** [\[Link\]](#) to protect LIFE-AR, obtain value for money, treat suppliers fairly and safeguard against fraudulent and corrupt practices.
- We practice open budgeting, providing citizens with access to the budgetary information, including procurement plans, and processes to enable citizens and civil society to analyse, evaluate and participate in the planning and budgeting processes for the use of LIFE-AR funds.
- Simplifying procurement processes and contract documents, e.g. tender notices, tenders and contracts.
- Publishing open procurement data on the LIFE-AR website.
- Adopting “Open Contracting Global Principles” [\[Link\]](#) with a focus on making public the outcomes of procurement contracts under LIFE-AR, e.g. publishing consultants' reports.
- Flexible and more innovative approaches to tendering, e.g. using eProcurement.
- Effective contract management focussing on outcomes.
- Simplification of reporting using a data-driven approach.
- Devolved decision-making to the local level on what should be procured.
- Using LDC based suppliers where possible.

STANDARD 6 – GRANTING

- All LIFE-AR Participants must award grants in accordance with the core principles of competition and value for money, equal treatment, non-discrimination, transparency and accountability.
- Granting ‘business unusual’ focuses on the concept of radical transparency, inclusion, openness and innovation.

Benchmarks

- All LIFE-AR Participants will make grants in accordance with the LIFE-AR Strategy, highest standards of financial integrity and cost effectiveness and comply with **Chapter - 3 Granting** [\[Link\]](#) to protect LIFE-AR, obtain adaptation and resilience, value for money, treat Grantees fairly and safeguard against fraudulent and corrupt practices.
- We practice open budgeting, providing citizens with access to the budgetary information, including grant plans, and processes to enable citizens and civil society to analyse, evaluate and participate in the planning and budgeting processes for the use of LIFE-AR funds.
- Simplifying granting processes and grant documents.
- Publishing open granting data on the LIFE-AR website.
- Adopting “Open Contracting Global Principles” [\[Link\]](#) with a focus on making public the outcomes of grants under LIFE-AR, e.g. publishing consultants' reports.
- Flexible and more innovative approaches to competitive awards of grants.
- Effective grant management focussing on outcomes.
- Simplification of reporting using harmonisation, community preferred methods and a data-driven approach.
- Devolved decision-making to the local level.

STANDARD 7 – TAX

- We observe the highest standards of good international practice in managing and disclosing our tax positions and pay all domestic and foreign taxes.

Benchmarks

- All LIFE-AR Participants will:
- Manage tax filings accurately and in good faith; and
- Be transparent in our dealings from a tax perspective.

PRINCIPLE 8 – DISCLOSURE OF INFORMATION

- We share knowledge and information about our work using transparency to enhance the impact and value for money of LIFE-AR activities; demonstrate the results of our work and enhance citizen feedback and scrutiny of the results, and to reduce the burden and costs of transactional checks.
- There is a presumption in favour of radical transparency and disclosure of information which means that we disclose information unless there is a compelling reason not to disclose such information. In making this determination, we consider whether:
- The disclosure of the information is likely to cause harm to LIFE-AR or any third-party that outweighs the benefit of disclosure; or
- The information contains or makes reference to the information described in the list of exceptions in Section 6 – Exceptions to the Transparency Policy [\[Link\]](#).

Benchmarks

- We disclose information promptly (i) to enhance citizen and public scrutiny of our work and (ii) to facilitate rapid knowledge sharing so that we can build the lessons (both successes and failures) into our work).
- We seek to ensure that any confidentiality (or non-disclosure) agreements or commitments do not restrict our ability to comply with the principle of radical transparency.
- All documents produced by LIFE-AR Participants may be disclosed unless they contain information that falls within **Section 6 – Exceptions to the Transparency Policy** [\[Link\]](#).

STANDARD 9 - ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

- We promote responsible environmental stewardship and socially responsible development.
- We commit to seeking out opportunities to deliver positive social, environmental and build climate change adaptation and resilience.
- We commit to assessing the environmental and social risks and impacts of all of our activities in a structured way on and on an on-going basis.

Benchmarks

- We actively seek out opportunities to achieve positive environmental, climate change adaptation, and positive social impacts and use regenerative practices in our climate resilience, adaptation and emissions reduction activities.
- We assess environmental risks using appropriate systems and methodologies.

- We work closely with our stakeholder communities to understand the impacts of our activities, and we seek to continuously improve how we do this by sharing the lessons that we learn.
- We operate accessible and user-friendly procedures to ensure that grievances and complaints from people in affected communities are identified early and promptly addressed.
- We disclose all the information that citizens and stakeholders need to understand, assess and scrutinise the impacts of our activities.
- We apply as a minimum the International Finance Corporation Performance Standards on Social and Environmental Sustainability [\[Link\]](#).

STANDARD 10 - EQUALITY, DIVERSITY AND INCLUSION

- We value and promote equality, diversity and inclusion, and we value the contribution that people from different backgrounds and experiences make to our innovative ways of working.
- We do not discriminate with respect to race, religion, gender, sexual orientation, age and physical ability, and we do speak up (and create an atmosphere in which people feel comfortable to speak up), if we encounter discrimination, intimidation, harassment, exploitation or abuse and any other form of unfair or inappropriate behaviour.
- We particularly value the perspectives and experiences of vulnerable and marginalised communities in LDCs, who historically, have not been part of climate decision making. We will take special efforts to ensure their voices are heard and they are part of decision making in LIFE-AR.
- We value and promote collaborative working and honest and open dialogue through which all of our stakeholders share perspectives on an equal basis.

Benchmarks

- Put in place appropriate measures including equality, diversity and inclusion training:
- To develop an awareness of the importance of equality, diversity and inclusion.
- To facilitate confidential reporting of, and prompt responses to, reports of prejudice, discrimination and harassment and other inappropriate behaviour.
- We use transparent non-discriminatory, formal, and rigorous recruitment and selection processes for all recruitments including of members of the Governing Bodies and staff of LIFE-AR Participants that encourage applicants from diverse backgrounds, and in accordance with applicable laws.
- We will ensure that LDCs and vulnerable and marginalised communities are part of decision-making forums, and that a safe space is created where they are comfortable to voice their views and decisions (e.g. translation in place if needed, access to internet etc.)

STANDARD 11 – REMUNERATION

- The remuneration and incentives for the staff of all LIFE-AR Participants to be:
- Sufficient to attract, retain and motivate individuals with appropriate skills and experience required to manage LIFE-AR successfully;
- Set at a level and structured in a way that is consistent with LIFE-AR's aims and the use of public funds; and
- In line with local practice and local rates.
- Follow principles of Business Unusual in being cost-effective and appropriate.

STANDARD 12 – EXPENSE REIMBURSEMENT

- LIFE-AR is accountable for public funds. All expenses should be incurred wisely and only if necessary.
- All travel undertaken by, and expenses incurred by LIFE-AR Participants must be consistent with **Chapter 5 - Finance Manual** [\[Link\]](#).

Benchmarks

- Consider the use of virtual technology e.g. video and telephone conferencing as an alternative to travel. Virtual meetings can be more time efficient and can contribute to managing our work-life balance and reducing our carbon footprint.
- Considering the value for money of available options when incurring expenses of any kind including transport, accommodation, meals in accordance with the applicable expenses policy.

STANDARD 13 – WHISTLEBLOWING

- We take malpractice and any form of misconduct very seriously. If you suspect malpractice, misconduct or any other form of wrongdoing or danger by any LIFE-AR Participant you must report it.
- We can raise genuine concerns without fear of retaliation, even if they turn out to be mistaken.

Benchmarks

- Every LIFE-AR Participant must:
- Put in place an appropriate whistleblowing policy and procedures consistent with the **LIFE-AR Whistleblowing Policy**, and an appropriate grievance mechanism in staff and stakeholder handbooks. [\[Link\]](#);
- Provide regular whistleblowing training;
- Ensure that anyone who raises genuine concerns, whether protected by whistleblowing legislation or not, can do so without fear of retaliation, even if they turn out to be mistaken; and
- Ensure that any whistleblowing is taken seriously and investigated appropriately; and that confidentiality will be respected.

Chapter 2: Governance Policy

I. INTRODUCTION

It is an important principle of the SOP that LIFE-AR processes are streamlined and manageable. National Platforms and local partners' feedback on how the SOP work in practice will be used to improve the LIFE-AR processes over time.

LIFE-AR is accountable to all of its stakeholders, and in particular to its LDC citizen communities under the leadership of the LIFE-AR Board and the National Platforms working with the LDC Group's other initiatives, LUCCC and REEEI, for the efficient and effective delivery of the LDC Offer and Ask to achieve the LDC 2050 Vision [\[Link\]](#) through the implementation of the LIFE-AR Strategy [\[Link\]](#).

Whilst the LIFE-AR Board is ultimately accountable for the supervision of LIFE-AR, responsibility for decision-making and monitoring LIFE-AR's activities will be devolved through inclusive locally led governance and decision-making centred on gender transformation and social justice arrangements with:

1. Meaningful representation in decision-making from representatives across the whole of society, particularly women, youth, indigenous peoples and other excluded groups;
2. Transparent and accountable systems and procedures (such as tracking and geotagging investments through the International Aid Transparency Initiative and social audits); and
3. Monitoring and learning systems to collate and reflect on results and evolve approaches; and
4. Sharing responsibility for high-quality programme delivery, keeping people safe and developing reporting and complaints mechanisms based on the safety, protection and support of survivors and whistle-blowers. Good inclusive governance is at the heart of LIFE-AR's approach and is key to delivering the LDC 2050 Vision.

Good governance means inclusive governance and accountability for effective delivery ensuring, in particular, that the voices of local communities and the marginalised are included, and that vulnerable communities have the support that they need; establishing roles and responsibilities of everyone involved in LIFE-AR's decision-making; a culture of ethical behaviour, transparency, effective risk management and compliance, reputation management underpinned by best practice Health, Safety, Environmental and Social (HSES) standards; clear processes for escalation of incidents to the Board; an effective control environment, with appropriate checks and balances with a particular focus on ensuring direct accountability and oversight by local communities, clearly defined policies and procedures, and effective reporting arrangements.

II. PURPOSE AND SCOPE

1. Purpose

The purpose of this Governance Policy is to:

1. Describe how LIFE-AR is governed;
2. Provide guidance to everyone involved in LIFE-AR's inclusive and devolved approach to governance; and
3. Set out the Standards and Benchmarks to be applied in implementing governance arrangements for LIFE-AR activities.

2. Scope

This Governance Policy applies to all LIFE-AR Participants.

III. ALIGNMENT WITH LIFE-AR PRINCIPLES

1. LIFE-AR Values

The LIFE-AR Strategy sets out LIFE-AR's values, which include:

Inclusion – Promoting gender equality and social inclusion.

Mutual accountability – The LDCs' and Development Partners' commitment to mutual accountability behind the delivery of the shared ambitions of the LDC 2050 Vision, the commitments of the LDC Offer and Ask and the LIFE-AR Principles, recognising that LIFE-AR is ultimately accountable to the LDC citizen communities for all decisions and actions, and that the activities, development outcomes and other impacts are subject to public scrutiny in LDCs and Development Partner countries.

Transparency – Adopting transparent and clear criteria and rules for decision making, building confidence through radical transparency and disclosure across its activities, from planning through implementation and delivery to monitoring results and reporting and sharing learnings from its work.

Collaboration - Ensuring meaningful collaboration and effective coordination between, and across the whole of society in the planning, community led decision-making and monitoring of its activities, including on HSES (including safeguarding) issues.

Integrity – Acting with honesty and integrity and to the highest ethical standards in its work to deliver the LDC 2050 Vision, and at a minimum complies with all applicable laws and regulations and places local communities at heart of what it does.

Respect – Valuing inclusion and diversity and not tolerating discrimination on any grounds, human rights abuses, nor any kind of disrespectful or inappropriate behaviour; implementing the highest standards on safeguarding, built around a survivor-centred approach and an organisational culture that prevents abuse. Striving towards more equal relationships between organisations delivering and receiving aid, where the local expertise of in-country partners is respected.

Do No Harm - Ensuring healthy lives and promoting well-being for all is essential to sustainable development. The right to a healthy and safe workplace environment is an integral component of the right to health. No toleration of sexual exploitation, abuse, bullying or harassment in any form, and we are committed to putting the voices, rights and support of victims and survivors at the heart of our approach.

2. LIFE-AR Principles

LIFE-AR's governance supports the LIFE-AR Principles and aims to enhance its ability to achieve its shared goals by working with the whole of society to deliver more inclusive locally led governance of climate decisions that are centred on gender transformation and social justice.

Table 2.1: How LIFE-AR's governance supports the LIFE-AR Principles

LIFE-AR Principle	How LIFE-AR's governance supports the LIFE-AR Principles
1. Work together jointly on a shared and equal platform	The LIFE-AR Board is composed of representatives of LDCs and Development Partners to implement LIFE-AR's activities. LIFE-AR's governance framework ensures that responsibility for implementing LIFE-AR Strategy lies with the National Platforms in country.

2. Invest behind integrated, holistic and ambitious climate planning across whole of society

LIFE-AR's governance framework supports devolved community-led participatory decision-making in the planning, design and implementation of LIFE-AR activities.

National Platforms bring together actors from across the whole of society including government, civil society, academia, and the private sector.

3. Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030

The governance approach focuses on strengthening LDC delivery mechanisms to enable devolved community-led decision-making supported by integrated government and non-government systems from national to local level.

4. Work at the pace of individual LDCs, aiming to build long-term national and local institutions, systems, structures and capabilities

Each LDC works at its own pace, to develop its delivery mechanisms, and institutional capabilities consistent with this Governance Policy.

5. Leave no country and no one behind

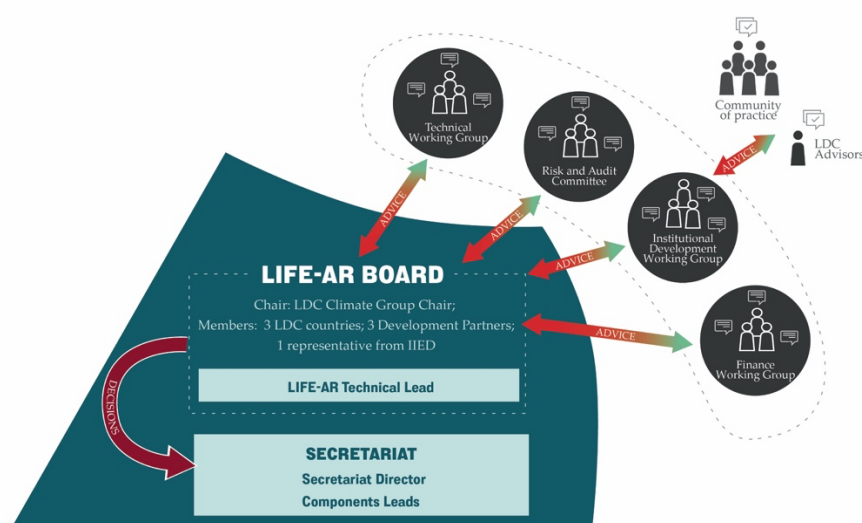
LIFE-AR's commitment to supporting LDCs and inviting forward additional cohorts of countries in future, and sharing lessons enables shared approaches to developing policy and sharing of experiences.

IV. GOVERNANCE STRUCTURE

1. LIFE-AR Platform Governance

The LIFE-AR Platform Governance is shown below.

Figure 2.1: LIFE-AR Platform governance



The Figure above illustrates how the LIFE-AR Board is supported by both a Technical Working Group (“TWG”) and by the Secretariat.

The TWG is composed of the LIFE-AR Technical Lead, LDC representatives, Development Partners, LDC Strategic Advisors, and the Secretariat Director. TWG is advisory only, and is to;

1. Provide advice, expertise and support to the LIFE-AR Board on technical matters relating to the implementation of the LIFE-AR Strategy; and
2. Provide technical input to LIFE-AR Board papers being shared with the LIFE-AR Board prior to their finalisation; and
3. Delegate responsibility for specific tasks in accordance with the Scheme of Delegation as needed.

The Secretariat has responsibility for the day to day management of LIFE-AR under the leadership of the Secretariat Director, and the supervision of the LIFE-AR Board and LIFE-AR Technical Lead, working with the LDCs to implement the three LIFE-AR Components.

2. LIFE-AR Accountability Framework

LIFE-AR consists of a three-way relationship between LDC local actors (“LDC communities”), the National Platforms, and the LIFE-AR governance structure, with the LIFE-AR Board having ultimate leadership and accountability. The figure below illustrates how accountability works between each of these three levels. It shows the role the LDC communities play as ultimately the entire process is there to serve them, and from whom the LIFE-AR Board will need to seek feedback to understand the value of the initiative and of the innovation in Business Unusual. It also shows the enabling roles the National Platforms and LIFE-AR Board play and the relationships between each, all having critical value to feedback when the innovation in approaches are effective and when there are still challenges or new unintended consequences.

Figure 2.2: LIFE-AR accountability framework



3. Communities Drive Decision-Making

How LDC communities drive LIFE-AR decision-making is shown in the figure below. LDC governments work with community committees – ensuring these have a good representation of the local community stakeholders. These committees are supported to define what their underlying drivers of vulnerability are and how these can best

be tackled through investments in services, infrastructure, information and/or governance arrangements. Delivery partners like CSOs and local NGOs may support this process, to improve inclusivity, analysis of the long-term implications of climate impacts and the quality of the deliberative dialogue to resolve trade-offs and sequence investment priorities. Once investment priorities are agreed, Suppliers and Delivery Partners are commissioned by LIFE-AR Participants to deliver the priority investments and services.

Figure 2.3:



V. THE LDC CHAIR

1. Selection

The LDC Group selects the LDC Chair in accordance with the LDC Election Guidelines on a rotating basis among three groups of countries:

1. Francophone and Lusophone Africa;
2. Anglophone Africa; and
3. Asia-Pacific and the Caribbean.

2. Term

The LDC Chair serves the LDC Group for a term of two years or two consecutive UNFCCC (United Nations Framework Convention on Climate Change) COPs unless otherwise decided by the LDC Group.

The LDC Chair serves as the Chair of the LIFE-AR Board.

VI. THE LIFE-AR BOARD

1. Terms of Reference

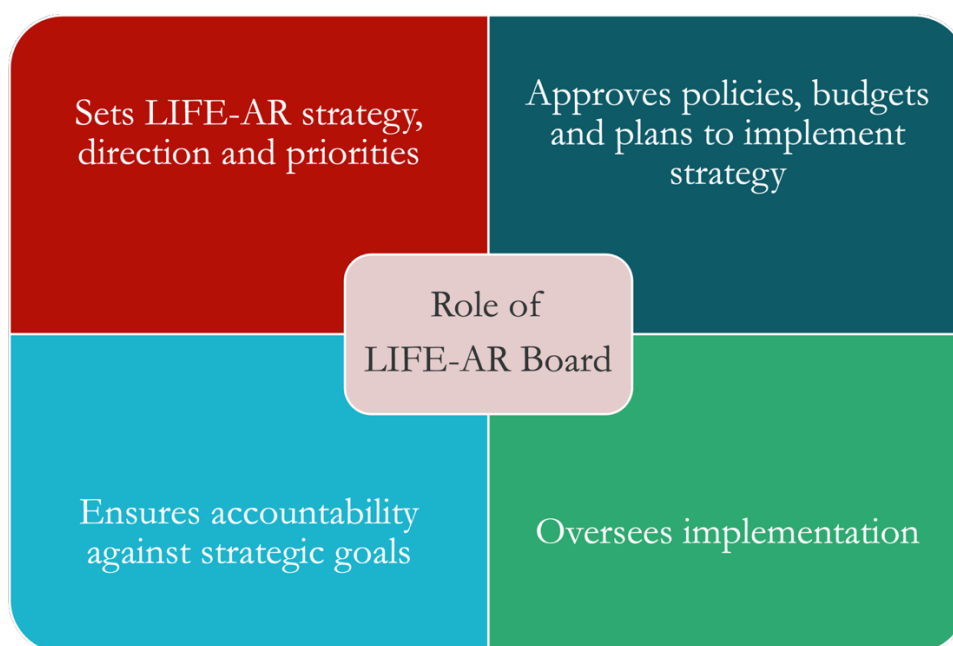
The composition, functioning and role and responsibilities of the LIFE-AR Board are described in the **LIFE-AR Board Terms of Reference** [\[Link\]](#). The LIFE-AR Board will review its Terms of Reference periodically, and at least once every three years.

The LIFE-AR Board is also responsible for:

1. Key appointments within the Secretariat, including succession planning for the LIFE-AR Board itself and the appointment of the Secretariat Director.
2. Championing and ensuring that all staff are recruited according to the same safer recruitment principles and standards.
3. Ensuring HSES matters, including safeguarding, are incorporated into LIFE-AR policies and procedures and decision-making processes, and enhancing LIFE-AR's effectiveness in implementing HSES policies and procedures.
4. Reporting on LIFE-AR's HSES activities and progress towards implementing the HSES policies and procedures.
5. Reviewing ensuring responses to whistle-blower or other complaints.

The roles of the LIFE-AR Board are shown below.

Figure 2.4: Role of LIFE-AR Board



The responsibilities of the LIFE-AR Board are shown below.

Figure 2.5: Responsibilities of LIFE-AR Board



2. Composition

The LIFE-AR Board is composed of up to 9 members under the leadership of the LDC Chair (1) and includes representatives of the LDCs (3) and Development Partners (3), the LIFE-AR Technical Lead (1), and the Host Board Member (1).

3. Observers

The LIFE-AR Board may invite observers to attend meetings of the LIFE-AR Board, including observers from LDCs and Development Partners without positions on the LIFE-AR Board, as well as any donors considering support to better understand how the governance of LIFE-AR works and how their views are being represented .

4. Delegation

Subject to Paragraph 5.4.2, the LIFE-AR Board may establish committees of the LIFE-AR Board to assist it in carrying out its duties, e.g. an Audit Committee.

Matters that the LIFE-AR Board may not delegate:

1. Approval of LIFE-AR Strategy and business plan;
2. Approval of annual accounts, annual budget and reports;
3. Approval of changes to the constitutional documents of any legal entity established by LIFE-AR to support the delivery of its activities;
4. Approval of SOP, including LIFE-AR's Safeguarding Policy;
5. Reviewing and approving responses to any HSES (including safeguarding) incident or complaint;
6. Approval of the results framework;

7. Approval of risk appetite statement and policy;
8. Approval of new Development Partners;
9. Confirmation that the LIFE-AR Board is satisfied that new Delivery Mechanisms meet the requirements of the SOP;
10. Oversight of LIFE-AR performance; and
11. Any decision likely to have a significant or material impact on LIFE-AR from a financial, operational or reputational perspective.

VII. THE TECHNICAL WORKING GROUP

1. Composition

The composition, functioning and role and responsibilities of the TWG are described in the TWG Terms of Reference [\[Link\]](#). The LIFE-AR Board will review the TWG Terms of Reference periodically, and at least once every three years.

The TWG is composed of the LIFE-AR Technical Lead, FRC representatives, Development Partner representatives, LDC Strategic Advisors, and the Secretariat Director, under the chairmanship of the LIFE-AR Technical Lead.

The TWG is advisory, and in particular:

1. Provides advice, expertise and support to the LIFE-AR Board on technical matters relating to the implementation of the LIFE-AR Strategy; and
2. Provides technical input to the board papers prior to being submitted to the LIFE-AR Board.

VIII. THE LIFE-AR TECHNICAL LEAD

1. Appointment

The Technical Lead is nominated by the LDC Group Election Committee in accordance with the Election Guidelines.

The LIFE-AR Technical Lead serves the LDC Group for a term of three years or such other period as may be determined by the LDC Chair in consultation with the LDC Group Election Committee up to a maximum of 6 years. The period may be extended for a further period of 3 years (up to a maximum of 9 years) in exceptional circumstances.

2. Role

The Technical Lead is responsible for keeping the balance of stakeholder interests in meeting the purpose of LIFE-AR; providing strategic advice to LDC Chair and the Board; providing LDC political perspectives and technical advice and guidance to the Secretariat Director; and engaging with the Development Partners and FRCs.

The Technical Lead sits on the Board and chairs the Technical Working Group.

The Technical Lead represents the LDC Group governance structure, creates political momentum, and drives pace in FRCs.

3. Responsibilities

Particular responsibilities of the Technical Lead include:

1. Advising the LDC Chair and the LIFE-AR Board on the political and technical challenges of the LDCs, and on whether particular approaches will better enable the LIFE-AR Initiative to achieve its objectives;

2. Working closely with the LDC Chair in supporting the Board in setting the strategic direction and priorities across workstreams to ensure they are in line with the Strategy;
3. Engaging with Development Partners and FRCs to ensure that the LIFE-AR Principles are upheld to shift away from business as usual;
4. Providing technical guidance to day to day operational and technical aspects of the LIFE-AR Initiative to key stakeholders including the secretariat;
5. Providing guidance for day to day technical aspects of the LIFE-AR Initiative to LIFE-AR's partners including the secretariat, delegating to LDC Advisors and the Secretariat Director where appropriate;
6. Offering technical advice, the LDC perspective and political guidance to the Secretariat on the interpretation of the Strategy and direction – providing quality assurance reviews of the work of the secretariat and LIFE-AR countries, but the Technical Lead is not responsible for making funding decisions;
7. Working closely with the Secretariat Director on fundraising and engagement of the LDC Chair in meetings with new Development Partners; and
8. Providing updates on the LIFE-AR Initiative to the LDC governance structure as requested.

IX. SECRETARIAT DIRECTOR

1. Appointment

The Secretariat Director is appointed by the LIFE-AR Board on the advice of an Appointments Committee constituted by the LIFE-AR Board and engaged by the current host IIED.

2. Role

The Secretariat Director is responsible for the overall leadership and management of the Secretariat in implementing LIFE-AR Board decisions on the instruction of the LIFE-AR Board; is responsible for the implementation of the LIFE-AR Board's decisions by the Secretariat with advice and guidance from the LIFE-AR Technical Lead on the interpretation of the LIFE-AR Strategy and strategic direction; and leads for the Secretariat on fundraising with Development Partners, maintaining strong stakeholder relationships for LIFE-AR including with the LDC Group, Development Partners and the LIFE-AR Board.

Technical responsibilities:

1. Provides strategic direction and technical expertise as needed across all three LIFE-AR workstreams while retaining oversight of each workstream, and alignment and progress within LIFE-AR as a whole;
2. Takes the lead in maintaining relationships with existing Development Partners and developing new relationships with potential Development Partners;
3. Responsible for implementing the LIFE-AR Board's decisions to deliver the successful implementation of LIFE-AR, ensuring that due process is followed, delegating responsibility where needed; and
4. Working closely with the LIFE-AR Technical Lead keeping the balance of LIFE-AR stakeholder interests in meeting the purpose of LIFE-AR.

3. LIFE-AR Board Responsibilities:

1. Attends LIFE-AR Board meetings as an observer, delegating this role to another member of the Secretariat if unable to attend;
2. Leads on the content and agenda for the LIFE-AR Board meetings ensuring that the LIFE-AR Technical Lead and the LDC Chair agree with the direction being set;
3. Manages the relationship with the LDC Chair for LIFE-AR under the guidance of the Technical Lead and LDC Strategic Advisor; and

4. Guides the direction and content of follow up from the LIFE-AR Board meetings under the leadership of the LIFE-AR Board.

4. Main responsibilities in the Secretariat team:

1. Holds responsibility for keeping the balance of LIFE-AR stakeholder interests in meeting the purpose of LIFE-AR.
2. Holds ultimate accountability for managing risk for the LIFE-AR Initiative in accordance with the risk appetite set by the Board, reporting to the LIFE-AR Board and the board of the current Host IIED;
3. Holds ultimate responsibility for making funding decisions taking into account technical advice and guidance from the LIFE-AR Technical Lead on the interpretation of the LIFE-AR Strategy and direction;
4. Report to board of the current host IIED on LIFE-AR progress, respond to feedback from the host board as required;
5. Takes advice on LDC perspectives and technical advice from the LIFE-AR Technical Lead on the interpretation of the LIFE-AR Strategy and direction – and holds ultimate responsibility for resource decisions of the Secretariat;
6. Provides quality assurance on the Secretariat services provided by the current Secretariat host;
7. Represents LIFE-AR and its work with external stakeholders to build effective partnerships with public and private entities to support the LIFE-AR Initiative;
8. Maintains LIFE-AR's visibility as a strategic priority for the current host IIED through updating the board and senior management team of the current host IIED on progress related to LIFE-AR;
9. Guides and mentors other members of the Secretariat team as needed using a situational leadership approach;
10. Final review and approval of all reports produced by the Secretariat for the Development Partners;
11. Leads weekly Secretariat meetings and longer planning meetings, and ad hoc meetings as needed;
12. Travels as needed and requested by FRCs or the Secretariat; and
13. Works closely with the LDC Secretariat (to be established).

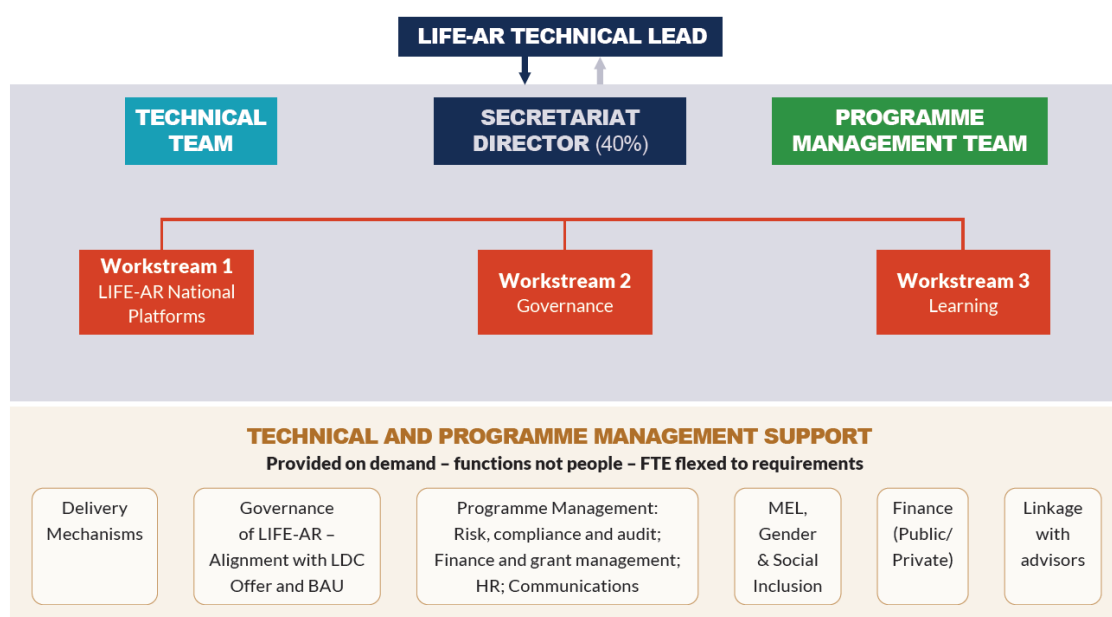
X. SECRETARIAT

1. Composition and functions

LIFE-AR is currently hosted by IIED which provides an interim Secretariat under the leadership of the Secretariat Director. The LIFE-AR Board proposes to establish LIFE-AR as an LDC owned legal entity.

The interim Secretariat composition and functions are shown below. The Secretariat is made up of a technical team providing both LDC country support to assess options and how to design or strengthen their preferred approach, with deeper technical support around a range of areas from range of delivery mechanisms, gender and inclusion, MEL, financial design, fiduciary management etc. There is also a programme management team working with LDCs and wider partners on the grants, compliance and reporting etc that make up the core of the delivery. The team supports the LIFE-AR Board, TWG and the LDC strategic advisers.

Figure 2.6: Functions of Interim secretariat

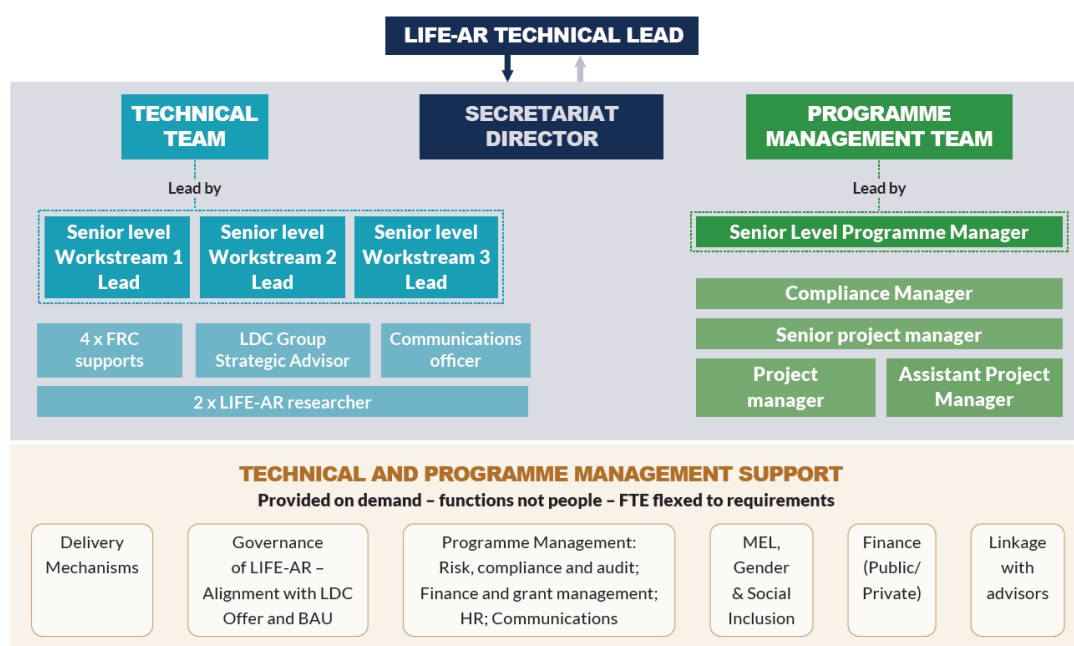


2. Roles

The roles and responsibilities of the Secretariat are set out in the **Secretariat Terms of Reference**. The Secretariat has responsibility for the day to day management of LIFE-AR under the leadership of the Secretariat Director, and the supervision of the LIFE-AR Board and LIFE-AR Technical Lead, working with the LDCs to implement the three LIFE-AR Workstreams.

The interim Secretariat roles are shown below.

Figure 2.7: Secretariat roles



The Secretariat's responsibilities include:

1. *Strategy* - Implementing the LIFE-AR Strategy and supporting it being updated with learning and evidence from implementation of LIFE-AR;
2. *Finance* - Ensure delivery of financial reporting, financial and budget (general and project) management, monitoring of compliance with financial reporting requirements, reporting to the LIFE-AR Board on a quarterly, semi-annual and annual basis, supporting the financial audit of LIFE-AR setting out how the Development Partners' funds have been used.
3. *Operational facilitation* - Implementing the LIFE-AR Board's decisions and delivering the day-to-day activities, including HR and procurement.
4. *Communications* - Development and implementation of a communications strategy for LIFE-AR, providing public relations advice to the LIFE-AR Board; facilitating communications within LIFE-AR and with external parties; promoting effective knowledge management internally and externally; stakeholder engagement internally and externally; and crisis management support to the LIFE-AR Board.
5. *Technical and transition support* - Providing and/or procuring technical support as required by the LIFE-AR Board to support the development of the final LIFE-AR Platform, and the transition to the final LIFE-AR Platform. Transition support will include ensuring that the arrangements for the operation of final LIFE-AR Platform will be capable of being operated as a stand-alone legal entity.
6. *Governance and compliance* - Supporting the LIFE-AR Board and National Platforms in their decision-making processes; developing and operating a control framework and systems for LIFE-AR which will cover all aspects of the LIFE-AR's activities, including ensuring meeting the LIFE-AR principles such as for an inclusive, whole of society approach to governance as well as due diligence of National Platforms and other partners in accordance with **SOP Chapter 3 – Granting Policy** [\[Link\]](#), risk management, financial management, integrity and ethics, anti-bribery and anti-corruption, value for money, transparency, accountability, monitoring and evaluation (M&E), HSES (including safeguarding) and compliance, audit and Assurance, performance, knowledge and continual learning.
7. *Impact* - Developing and managing a framework for monitoring the results of LIFE-AR's activities.
8. *Learning and influence* – Facilitating peer to peer learning and exchange between and within FRCs and other LDCs, supporting the synthesis of tacit learning and supporting LDC stakeholder engagement with regional and global stakeholders in the implications of this learning for how climate finance is governed and how LDCs are supported to access it.
9. *HSES and safeguarding* – ensuring that HSES issues (including safeguarding) are integral to all stages of LIFE-AR's activities, which will include actively checking how HSES matters (including safeguarding) have been considered and addressed.

XI. NATIONAL PLATFORMS

1. National Platform Governance of LIFE-AR

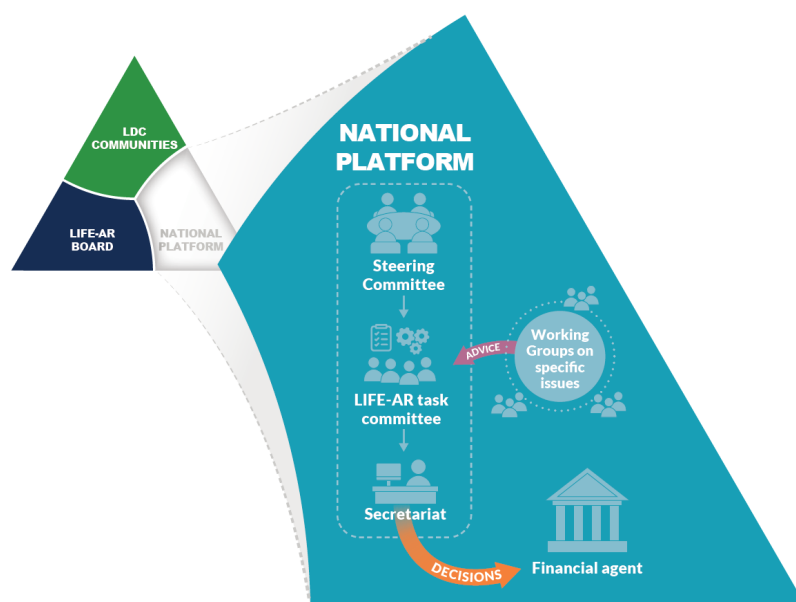
The LDCs will build the National Platforms and their Delivery Mechanisms for the implementation of LIFE-AR on what already exists in each country if there are existing national-level governance and delivery mechanisms that are fit for purpose and function well; and the members fully endorse the principles and objectives of LIFE-AR; and demonstrate strong ownership of the LIFE-AR Initiative. If suitable existing delivery mechanisms are not available new structures may need to be established.

The Governing Bodies of the National Platforms will be responsible for the delivery of the national vision and strategy.

National Platform governance of LIFE-AR is shown below. Each government has a whole of government body to oversee LIFE-AR, often with the remit to oversee the national processes around climate action, such as NAPs, NDCs etc. This provides the authority for the LIFE-AR approach, reaching consensus and approving critical design and delivery decisions. The LIFE-AR task team is coordinated by the LIFE-AR focal point and sets up the working groups as needed – such as for learning - and ensures the technical quality of the innovation, learning and delivery processes. The secretariat is the unit commissioning, granting and procuring partners to deliver on the priorities set

by the task team. A financial agent may sit within the government or outside it, an interim agent or PIU will be needed in most cases – but the focus will be firmly on building the capabilities and systems of the government climate architecture – to ensure they can access the global climate funds and MDB financing directly in due course.

Figure 2.8: National platform governance of LIFE-AR



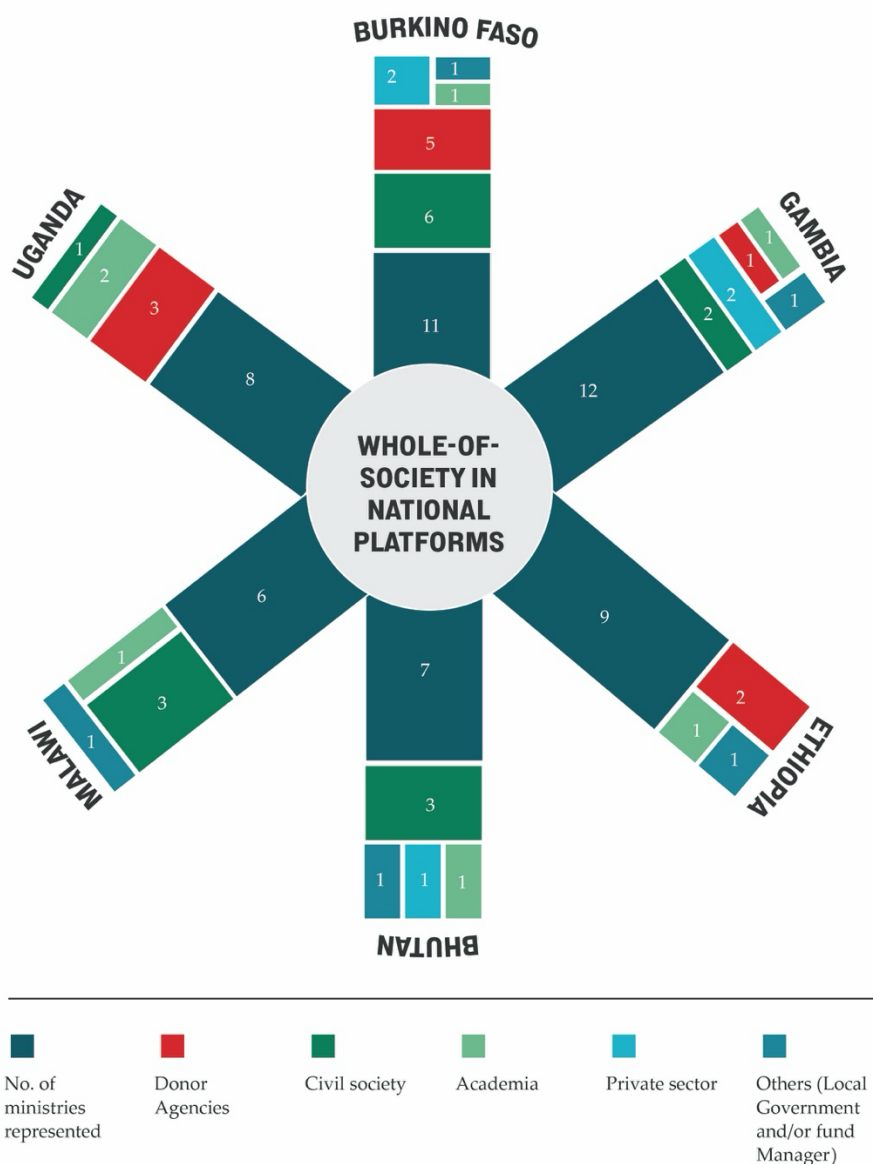
The LIFE-AR Secretariat will support the National Platforms in benchmarking their governance arrangements against this Governance Policy, and in strengthening (if required) their governance through the Empowerment Due Diligence process.

2. National Platform Composition

The number of members and the composition of each National Platform Governing Body will be determined by each country to balance the knowledge, skills, experience, independence and diversity required to ensure effective decision-making and to enable them to discharge their governance roles and responsibilities effectively.

The key institutions represented in the National Platforms are shown below.

Figure 2.9: Composition of national platforms



A Scheme of Delegation – Annex 2d [\[Link\]](#) for LIFE-AR maps the allocation of all of the roles and responsibilities between the LIFE-AR Board, the Secretariat and the National Platforms.

The Scheme of Delegation will be reviewed periodically by the LIFE-AR Board, and at least once every three years.

XII. PERFORMANCE

The LIFE-AR Board has primary accountability for the good performance of LIFE-AR through reporting and disclosure.

The LIFE-AR Board will:

1. Put in place appropriate performance measures to support and monitor the delivery of LIFE-AR's activities including the LDC Offer and Ask and commitment to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030; and

2. Ensure that all reports provided to LIFE-AR's stakeholders enable stakeholders to make informed assessments of LIFE-AR's performance.

The LIFE-AR Performance Management Framework is set out in Annex 2c [\[Link\]](#).

Chapter 3: Granting Policy

I. PURPOSE

This Granting Policy sets out how granting should be undertaken by the National Platforms and the LIFE-AR Secretariat. They will be providing grants to Delivery Partners and National Platforms respectively.

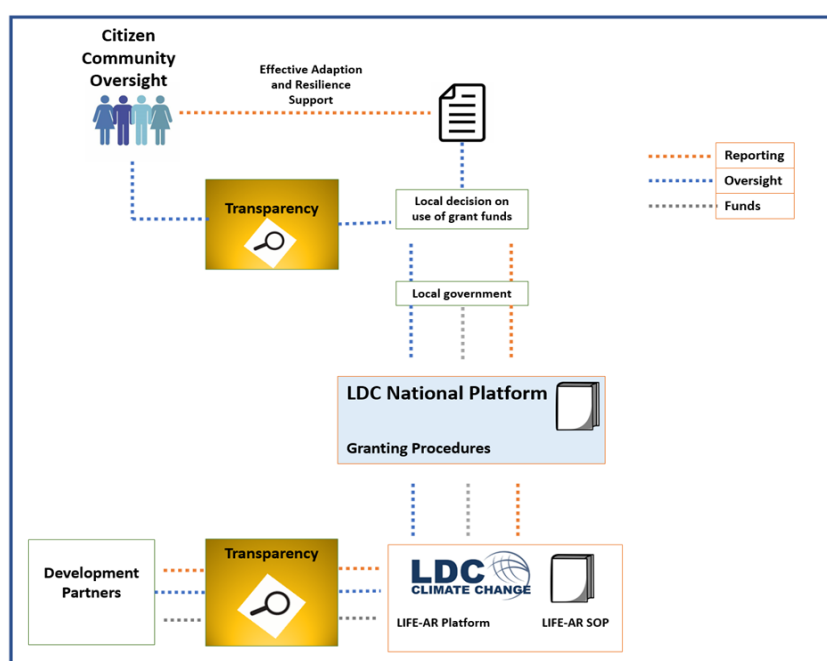
1. Business Unusual Grant Making

Granting using LIFE-AR funds by National Platforms is designed by and delivered by the LDCs who decide how to plan, manage and use LIFE-AR funds and select the most appropriate granting strategy. In this context, 'Business Unusual' is defined and owned by the National Platform, which should decide how this Granting Policy will be applied.

For the LIFE-AR Platform, 'Business Unusual' granting focuses on the concept of radical transparency, openness and innovation, which includes:

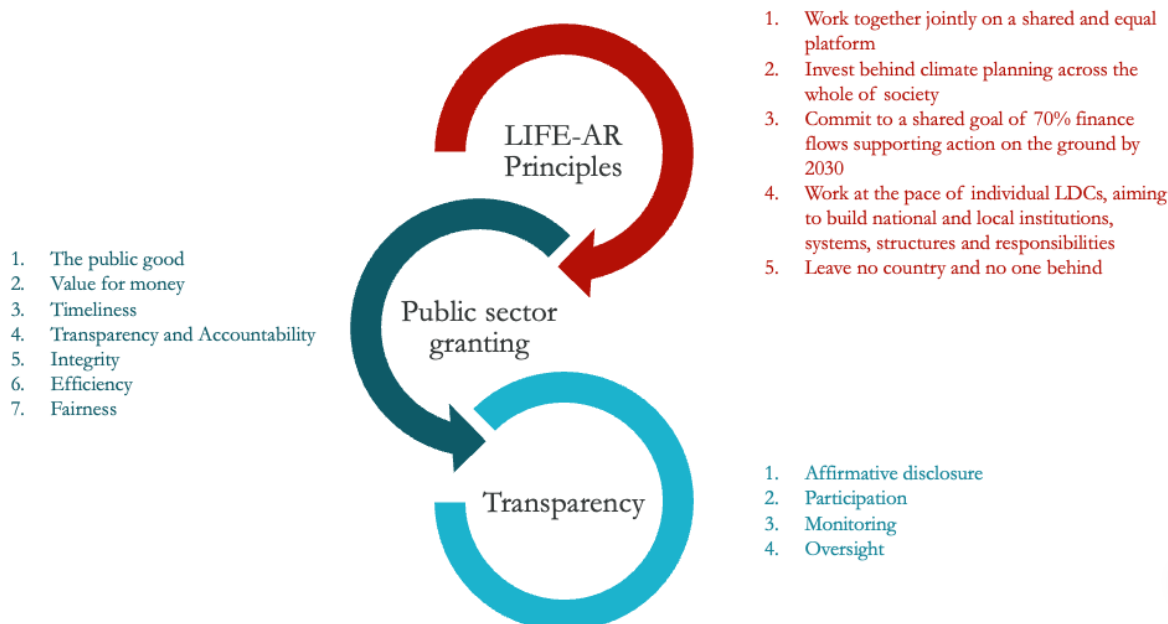
- Open budgeting e.g. providing citizens and civil-society organisations with information to analyse, evaluate and participate in the budgeting process for the use of LIFE-AR funds.
- Simplifying granting processes and grant agreements.
- Publishing open data on the LIFE-AR Platform for grants.
- Making public the outcomes of LIFE-AR grants.
- Supporting a forum for sharing granting experience under LIFE-AR between LDCs under Workstream 3;
- New ways of planning granting;
- Flexible and more innovative approaches to advertising grants.
- Effective grant management focusing on outcomes.
- Simplification of reporting using a data-driven approach.
- Devolved decision-making to the local level on what should be funded.

Figure 3.1: Citizen Community Oversight



This LIFE-AR Granting Policy brings together the LIFE-AR Principles, public sector granting and transparency principles and best practice.

Figure 3.2: LIFE-AR Granting LIFE-AR Principles, Public Sector granting and transparency principles and best practice



2. National Laws

All Delivery Partners will comply with their own national laws and policies as well as this Granting Policy.

3. Grant making best practice covers:

- Identifying and measuring the capabilities of different types of Delivery Partners using a consistent, transparent methodology that is applicable across the LIFE-AR Initiative.
- Designing LIFE-AR support to build on the capabilities of Delivery Partners and strengthen their institutional processes and systems, should that be required, in a sustainable way with greater support in the early stages of the empowerment pathway and reducing as capability increases.
- Providing a tool for conducting Due Diligence as part of the LIFE-AR risk management approach for the widest variety of non-commercial National Platforms and other Delivery Partners.
- Providing assurance to all of LIFE-AR's stakeholders on the application of consistent good practice standards for the selection, Due Diligence and capability development support for National Platforms and other Delivery Partners where commercial procurement processes are not applicable.

4. How the granting process supports the LIFE-AR Principles

The adoption of best practice day to day processes by all stakeholders is an important step in helping to make sure granting and on-granting is a positive contributor to delivering the desired outcomes of LIFE-AR. It also helps LDCs protect the wider interests of the LDC partner community so that, as far as possible, the LIFE AR Platform is protected from any allegations of delays, corruption, or elite capture. The table below shows how the granting process supports the LIFE-AR Principles.

Table 3.1: How the granting process supports the LIFE-AR Principles

LIFE-AR principle	How the granting process supports the LIFE-AR Principles
Work together jointly on a shared and equal platform.	LDCs shape and lead the granting under the platform and provide radical transparency to all partners and citizens on all grant making activities at all stages of the granting cycle at the LIFE-AR Platform, national and local levels.
Invest behind integrated, holistic and ambitious climate planning across the whole of society.	Planning of granting inputs needs to be an integral part of the national climate planning priorities, and where necessary, grants are prioritised, and risk assessed so that they do not delay achieving the objectives of the climate plan.
Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030.	LDCs have the tools to plan and monitor the progress of all grant-related activities necessary to achieve the 70% target.
Work at the pace of individual LDCs, aiming to build long-term national and local institutions, systems, structures and capabilities.	Granting systems are designed by LDCs that embed the LIFE-AR Principles and empowerment approach.
Leave no country and no one behind.	Challenges that LDCs may face in granting and on-granting should be mitigated by openness between LDC partners and sharing of grant making experience through a flexible adaptable pooled funding mechanism.

II. COMPETITIVE SELECTION AND SOLE SOURCING

The National Platforms and other Delivery Partners are delivering climate finance on behalf of government ‘on budget’ (either passing through government systems or not, depending on the country context). Once the national governments have strengthened their capabilities through the LIFE-AR empowerment process, LIFE-AR and other climate funds will pass through government systems. The National Platforms and other Delivery Partners are performing a function of government.

Competitive selection where grants applications are evaluated in response to a published advert and pre-published award criteria should be considered as the preferred option for all LIFE-AR grants. LIFE-AR will develop models for competitive selection and share the learnings from these competitive selection experiences between LDCs under Workstream 3.

Competitive selection is not required where there is only one organisation that has the required capability to be the Delivery Partner and where the application from the sole-sourced Delivery Partner is cost-effective and represents good value for money. An illustrative list of such organisations is set out below.

- Government ministries, QUANGOs, parastatals or local government bodies that are the only effective channels for the delivery of LIFE-AR.
- Only one domestic organisation that has the capabilities e.g. to support robust climate decision making.
- Only one legitimate organisation e.g. a producer organisation such as a cooperative that represents all the farmers in a locality, a forest or rangeland user group or an indigenous peoples group.
- Only one technical organisation or individual that is party to how the government works eg on economic analyses.

Where a competitive process is not chosen, the decision not to use a competitive selection process must be:

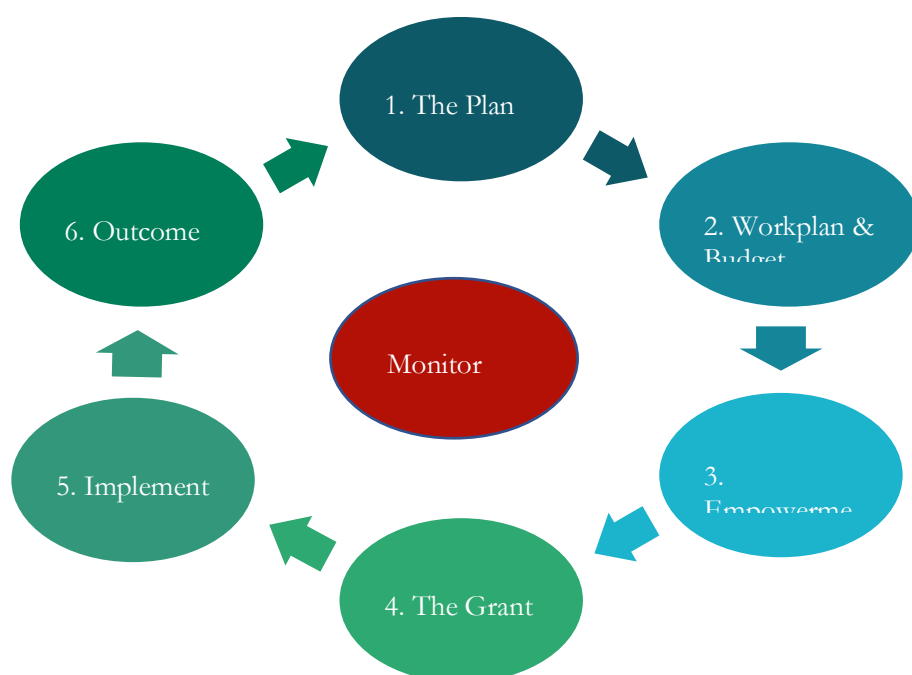
- Formally approved by the Governing Body of the granting entity on the grounds that there is only one organisation that has the required capability to deliver in a way which is cost effective and provides good value for money.
- Documented with robust supporting evidence which validates the decision not to use competitive selection. This must include confirmation that there were no conflicts of interest of, and, if there were, how they were managed.
- Documented with clear evidence that using the sole-sourced organisation is cost effective and provides good value for money. The evidence should address economy, efficiency, effectiveness, and equity, as well as overall cost-effectiveness. It should explicitly compare the cost with that of any alternative providers and justify any differentials.
- Reported to the Secretariat which will in turn report to the LIFE-AR Board.
- Publicised on the National Platform's website and/or by other appropriate means.

In assessing value for money, LIFE-AR considers Delivery Partners may have strong capabilities in some areas (e.g. community outreach and credibility) that are essential for successful delivery. They may also have weaknesses in other areas. LIFE-AR uses an Empowerment Due Diligence approach to determine the capabilities of National Platforms and other Delivery Partners and to identify any areas that require strengthening. A key Business Unusual element of the LIFE-AR Initiative is that Delivery Partners will be supported by the Secretariat, which will provide technical and financial resources to support National Platforms in strengthening capabilities if required where weaknesses are identified. LIFE-AR will collaborate with National Platforms to develop jointly an action plan to support National Platforms in strengthening capabilities to manage funds from LIFE-AR and others.

III. THE GRANTING CYCLE

The LIFE-AR granting principles apply horizontally across each granting cycle from planning to implementation so that the integrity of the granting process is protected and that any weakness in the chain that threatens the outcome of the granting process is avoided. The LIFE-AR granting cycle covers the entire period from the planning of the grant through to delivery of grant outcomes as shown below.

Figure 3.3: LIFE-AR Grant Cycle



It is important that careful attention is paid to:

- Planning throughout the granting cycle so that, for example, weak planning does not lead to delays at the implementation stage; and
- Publishing outcomes so that citizen communities can understand the impact of use of the LIFE-AR funds.

IV. THE PLAN

The plan ensures that all the important issues that could affect the expected outcomes of the grant are identified and thought through in advance.

Standards:

- The public good
- Timeliness
- Efficiency

Benchmarks:

The decision to use a grant rather than a procurement must be made as part of the planning process and must be validated prior to planning the grant.

The plan should be used to:

- Manage the granting process including the size of the grant; the method for selecting grantees including whether a competitive process will deliver the best outcomes for communities; the milestones of the grant process from selection stage to completion of the grant funded activities.
- Validate, in circumstances where sole sourcing is being considered, whether it is justified.
- Provide a high degree of transparency to all stakeholders when it is published.
- For adaptive management of the grant to ensure that outcomes are achieved.

V. THE WORKPLAN & BUDGET

The Delivery Partners (the National Platforms or their Delivery Partners) prepare a workplan & budget for approval by their respective governing body. The workplan & budget should be prepared in accordance the standards and benchmarks set out below.

Standards:

- Timeliness
- Value for money
- Fair treatment

Benchmarks:

- The Workplan & Budget should be designed to best meet the outcomes and deliver value for money.
- The decision on whether or not to conduct a competitive process for the grant must be validated against the sole sourcing criteria.
- All potential delivery partners are treated fairly without any preferential treatment.
- Opportunities to make grant proposals are published on-line.
- For a competitive granting process those responsible for the process should take appropriate steps to actively encourage competition and advertise the opportunity widely in one or more of the following:
 - Posters in the market, shops, public halls, and recreational centres
 - Radio
 - Relevant National Government offices
 - Provincial Administration Offices

- County Government Offices
- Other Relevant NGOs' offices
- Targeted invitations to known partners

VI. THE EMPOWERMENT APPROACH TO DUE DILIGENCE

Before making a grant the Grantor (e.g. Secretariat or the National Platform (when on-granting)) undertakes Empowerment Due Diligence of a Grantee (Delivery Partner).

1. Standards and Benchmarks

LIFE-AR's Empowerment Due Diligence approach means building on the delivery capabilities identified through a robust due diligence process and using the Empowerment Due Diligence findings to support strengthening, should that be required, in a phased and flexible manner through a jointly developed Empowerment Action Plan.

Standards:

- Identifying strengths and weaknesses
- Supporting partners to strengthen existing capabilities, if required
- Robust, proportionate and flexible
- Phased and flexible
- Empowering and equal

Benchmarks:

Empowerment Due Diligence should:

- Be robust, but also proportionate to the level of funding to be managed by the Delivery Partner (as identified through the planning process).
- Identify the capabilities of the Delivery Partners themselves, and not rely entirely on the capability of any organisation which the Delivery Partner is a part of. In particular, where the Delivery Partner is a country office of a multi-national organisation or a sub-national branch of a national organisation, the focus of the Due Diligence must be on the processes through which LIFE-AR funds will pass.
- The Empowerment Due Diligence must be carried out before the decision to fund.
- Empowerment Due Diligence should identify:
 - Delivery Partners' technical and financial capabilities.
 - The technical and financial support appropriate to strengthen Delivery Partners, should that be required.
 - The phasing of the support for different stages of the Empowerment Pathway.
 - The oversight to be provided by the Delivery Partners of the use of the funds granted.
 - Identifying specific risks to be addressed with appropriate technical and financial support if required.
 - Determining whether strengthening, should that be required, is achievable within a reasonable timeframe.

2. Empowerment Due Diligence Process

This section describes the process for conducting Empowerment Due Diligence of Delivery Partners' capabilities and identifying any areas requiring strengthening, should that be required.

The timeframe for the due diligence process will depend upon:

- The complexity of the organisation.
- Whether the organisation is used to being assessed.

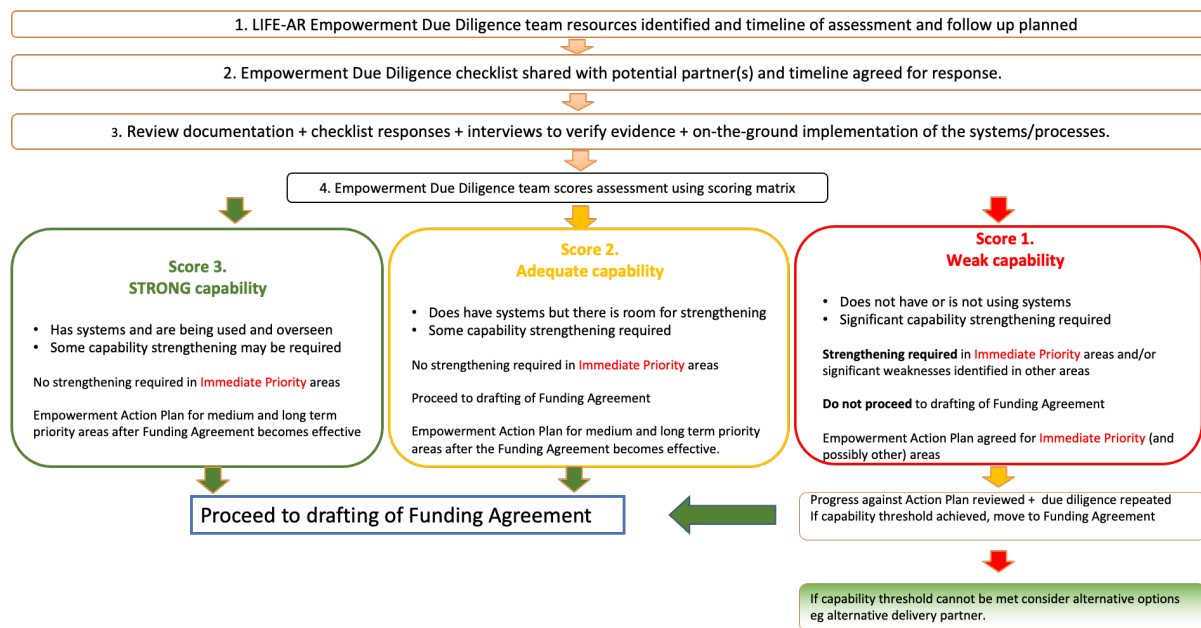
- How much money they are likely to be responsible for.
- How quickly documents are provided and interviews scheduled.

Indicative timeframes to undertake the due diligence process from beginning to end are as follows:

- National Platforms: 3 months
- Smaller Delivery Partners: 1 month

The process for conducting Empowerment Due Diligence is shown below.

Figure 3.4: Empowerment Due Diligence Process



3. Empowerment Due Diligence Tools

The tools to be used to conduct due diligence include:

1. **Empowerment Due Diligence Process Guidance Note** – provide guidance of best practice for carrying out the due diligence of Delivery Partners' capabilities.
2. **Empowerment Due Diligence Checklist** – a grid of organisational capability areas, with examples of means of verification (MoVs) of findings as set out in Annex 4a.
3. **Scoring Methodology and Scoring Matrix** – scoring and ranking system for results of the due diligence exercise.
4. **Empowerment Action Plan** – guidance on compiling and monitoring action plans for capability development to address identified capability development requirements.
5. **Management of Empowerment Action Plan** - How to proceed if identified capability development requirements are not adequately addressed in accordance with the Action Plan.

Outline Empowerment Due Diligence Process Guidance Note

The Empowerment Due Diligence process by the Grantor on the Grantee (Delivery Partner) comprises:

- Desk review of Delivery Partner's initial responses and supporting documentation.
- Conduct interviews and workshops with relevant personnel of Delivery Partner (including members of Governance Bodies) to cover detailed questionnaire. This may include walkthroughs of processes to observe actual processes followed.
- Scoring of completed checklist.

- Draft debrief document identifying the strengths and the weaknesses and discuss and document Empowerment Action Plan if needed with Delivery Partner.
- Empowerment Action Plan, timeline and resources (including what supervision and support needed at current capability and what timeframe for next review) to be agreed with Delivery Partner.
- If there is a decision to proceed with funding while the action plan is being implemented, review grant agreement to provide mitigating controls to address capability development requirements observed while the action plan timeline is in effect (e.g. increase frequency of reporting, technical support on-site requirement, etc).
- Cycle of reviews of progress against the Empowerment Action Plan and re-perform identification of delivery partner's capability development requirements.
- On basis of second review make decision on action required where capability development requirements have not been addressed.

Outline Empowerment Due Diligence Checklist

The Empowerment Due Diligence Checklist provides a transparent and standardised tool for evaluating the institutional capability of potential and existing Delivery Partners.

The Empowerment Due Diligence Checklist comprises broad headings with suggested detailed questions for each area of the Delivery Partner's capability, including examples of documents required to provide evidence of capability. A summary of the areas covered by the Empowerment Due Diligence Checklist is shown in the table below.

It is essential that each National Platform has documented procedures in the form of an implementation manual which the Empowerment Due Diligence team review can assess. In the absence of clearly documented procedures, it is not possible to identify weaknesses or areas for improvement. The implementation manual may be a newly developed document (for example, when a new LIFE-AR Project Implementation Unit (PIU) is being set up) or it may be an existing procedures manual (where the National Platform is an established body with its own procedures).

The implementation manual will be assessed against the Standards and Benchmarks set out in the SOP.

Table 3.2: Due Diligence Areas

Due Diligence Areas	Description of due diligence areas
Pre-Screening	Evidence re reputation and good standing, financial reporting and external audit in good order, no active investigations, adverse press coverage.
Legal Structure and Governance	Governing documents (type of entity, governance structure and decision-making) that guides the entity's board/strategic operations towards a transparent, accountable, fiduciary responsible organisation - evidenced by the entity's policies, processes, and procedures
Financial and Administrative capacities	Organisational and management structures, strategic planning, sustainability planning. Financial controls and systems. Financial management and external reporting systems, including financial statements. Internal and external audit functions. Risk mitigation and management, including assets and resources.
Procurement Processes	System and Benchmarking against the SOP Procurement Policy (Chapter 4); systems for administering procurement against the standards of <i>transparency</i> , accountability, proportionality, fair competition, and value for money.

Project Management Capability	Track record on implementing similar programmes; accreditations; staff capacity and capability to deliver the desired outputs/outcomes; monitoring and evaluation, risk management processes, presence of environmental, social and governance policies.
Transparency and Accountability	Testing on policies that have an internal (board and staff) and/or external application (sub-contractors, sub-grantees, agency or third-party of the entity supply chain) with a focus on transparency and accountability; where appropriate the reporting, escalation, and procedures for dealing with the occurrence of an incident/event; policies include but not limited to: anti-fraud, corruption & bribery; anti-money laundering and terrorism; environmental risk management; whistleblowing; conflict of interest; data protection; equal opportunity; environmental (responsible operations); safeguarding and ethics.
Human Resources Systems	Testing on the suite of human resources related policies (internal to the entity), processes and procedures, including but not limited to: recruitment and selection (equal opportunity), salary and grading policy, safety policies (e.g. health and safety, safeguarding, whistleblowing), grievance, disciplinary, performance appraisal and competency framework, time-recording / staff resources allocation systems, code of conduct, conflict of interest, data protection.
Travel Expense Policy	Testing the Travel Expense Policy (including use of credit cards where applicable) for alignment with net-zero/low carbon operations, fairness and consistent application against benchmarked per diems, class of travel, approvals and authorisations, supporting documentation, traffic light system and risk mitigation for travelling to countries with advisory warnings.
Grant-making / grant management processes and systems	Previous experience of on-granting; systems, policies; processes and procedures to manage and administer on-granting including monitoring & evaluation, and compliance with donor conditions; benchmarking against SOP Chapter 3 Granting Policy for organisation tailoring where applicable.

Scoring Methodology and Scoring Matrix

The scoring matrix is intended to provide a transparent and consistent methodology for evaluating operational capacity, risk areas and conducting due diligence for potential and existing delivery partners.

The scoring matrix identifies levels of capability as set out below:

Figure 3.5: Scoring Matrix

Score	Definition	Impact
1	WEAK capability	- Does not have systems or has systems but not using them - Significant capability strengthening required

2	ADEQUATE capability	• Does have systems but there is room for strengthening • Some capability strengthening required
3	STRONG capability	• Has systems and are being used and overseen • Some capability strengthening may be required

1. An average score for criteria is used to score each section. Note that some questions are for information purposes only and do not provide scores towards the average. Some criteria and questions in each capability area are marked as MUST ACHIEVE LEVEL 3, as failure to evidence in these areas could be critical for successful programme performance (e.g. environmental, governance and social measures, safeguarding measures, policies to combat funds being used by terrorist organisations or organised crime, accounting system capable of identifying income and expenditure by projects, separation of duties, properly and legally constituted organisation, etc).
2. Where scores on key criteria areas are lower than the average for each section, the lower score is used.
3. An extract of the sections of the capability areas in which a National Platform or other Delivery Partner MUST ACHIEVE LEVEL 3 is shown below. This list will be reviewed in detail with FRCs to ensure that the requirements are meaningful and will add value, rather than being a “tick-box” exercise.

Figure 3.6: Areas in which a National Platform or other Delivery Partner must achieve Level 3

Ref	Assessed Areas that MUST achieve a Scoring of 3
	Financial management and external reporting systems, including financial statements
B.7	Grantee has the appropriate accounting system and finance manual / policies
B.8	Fund accounting with appropriate controls for segregation of LIFE-AR funds
B.12	Organisation cycle for annual budgeting and monitoring
	Internal and external audit functions
B.17	External audited accounts and policy for the engagement of auditors
	Risk mitigation and management, including assets and resources

B.28	Record keeping for audit trail of supporting documentation
	Transparency and accountability
E.5	Does the organisation have a formal child protection and vulnerable adults safeguarding policy?
E.8	In particular how does your organisation ensure that your employees and those in your supply chains are not subject to exploitation through: - Slavery, servitude, and forced or compulsory labour - sexual exploitation - organ donorship - force, threats or deception - By virtue of them being a child or other vulnerable person
E.11	How does the organisation enforce compliance with its regulations on safeguarding and ethics with sub-contractors and sub-grantees?
E.12	Adequate controls for the prevention, detection, and reporting of aid diversion events [fraud, bribery, corruption, terrorist financing, money laundering, and any other financial irregularity or impropriety]
E.15	Does the organisation have anti-money laundering and anti-terrorist financing policies in place? If so, what international/national registers are used to check organisations and individuals against? How are staff trained on the use of these policies?
	<u>Human Resources Systems</u>
F.2	System or basis for allocating staff resources to LIFE-AR activities

Empowerment Action Plan (if required)

The Empowerment Action Plan (if required) sets out the capability strengthening, should that be required, to address the issues identified in the due diligence process if any. It specifically identifies the:

1. **The “Immediate Priority Areas”** – to be resolved/progressed before start of LIFE-AR activities.
2. **Medium Term Priorities** – to be resolved/progressed within 3 months of start of LIFE-AR funding.
3. **Longer Term Priorities** – action plan to implement in months 4-9 of LIFE-AR funding.
4. **Delivery Partner Empowerment Action Plan** – Actions for LIFE-AR Due Diligence Team.

The Empowerment Action Plan (if required):

- Should incorporate recommendations for actions to be taken by the Delivery Partner to address capability development requirements and documented in the Empowerment Due Diligence Checklist.
- Some recommendations will be assessed as being “critical” and these must be fully implemented before any direct funding is provided to the Delivery Partner.
- Must detail the resources to be provided by LIFE-AR, directly or through external agents, to support the Delivery Partner in achieving the goals of the plan.
- Must include clear timelines for achievements, including stages and review points where appropriate. Where the achievement of specified milestones is a trigger for an increase in resources provided to the Delivery Partner, this must be set out explicitly in the grant agreement.
- Must define who is responsible for funding and delivery of each component of the Empowerment Action Plan, from the Delivery Partner, LIFE-AR and third-parties. The Empowerment Action Plan also defines the parties responsible for overall management and delivery of the plan outputs.
- Must be agreed between granting partner and Delivery Partner through discussion of the capability development requirements identified, and formulation of joint approaches to rectify these capability development requirements within an agreed timeframe, to the required standard to demonstrate at least “Adequate Capability” in each area covered by the Empowerment Action Plan.
- Funding should not commence until agreement has been reached on the Empowerment Action Plan.

VII. THE GRANT

The Governing Body of the Grantor is accountable for the decision to award a grant.

1. Standards:

- Timeliness
- Value for money
- Transparency and accountability
- Fair treatment of Delivery Partners

2. Benchmarks:

- Every effort should be made to make the decision to fund within the period set out in the granting plan and the timeframe communicated to Delivery Partners.
- The method for evaluating the technical and financial case should be established and documented as part of the grant planning process.
- Depending on the value of the grant an evaluation report may be required to allow internal approvals or other ‘no objections’ from the body overseeing the granting process.
- In any competitive granting process all partners should be treated equally, and no preference should be shown to any party.
- The decision to fund should be based on a technical and financial evaluation conducted in accordance with the agreed evaluation criteria and methodologies for the grant.
- The Grantor should prepare an evaluation report that explains how the technical and financial case meets the evaluation criteria.
- Where a competitive process is chosen, any partner that has not been successful should be notified before the decision to fund is made and any complaint should be fully and fairly investigated in accordance with an appropriate process.

3. Criteria for Determining the Amount of Funding to be Managed by the National Platform/Delivery Partner

The Governing Body of the Grantor will be accountable for the determination of the amount of the grant to be awarded by reference to the following factors:

1. The financial standing of the Grantee.
2. The outcome of the Empowerment Due Diligence process.
3. Whether strengthening is required in any **Immediate Priority Areas**.
4. Whether an Empowerment Action Plan has been agreed to address any strengthening required in any **Immediate Priority Areas**.
5. Whether the strengthening in the **Immediate Priority Areas** has been completed.
6. What outstanding strengthening of **Medium Term Priorities** and **Longer Term Priorities** is required.

The Grantor will prepare, in consultation with the Grantee, a report on the Empowerment Due Diligence process for the consideration of the Governing Body of the Grantor.

The report will provide all information required by the Governing Body of the Grantor in order to allow it to consider whether to give its no objection to the grant.

4. Empowerment evaluation team's recommendations

The report will set out the empowerment evaluation team's recommendations supported by evidence to validate the recommendations on:

Table 3.3: Empowerment Evaluation Team's Recommendations

Recommendation	Guidance
The flexibility to make adjustments to the implementation plan without requiring a no objection from the Grantor within the terms of the grant agreement.	The level of flexibility will correspond to the level of capability achieved with maximum flexibility corresponding to Level 3 in all areas.
The implementation of the Empowerment Action Plan, if any is required, and the phasing of the strengthening activities, if any are required.	The Empowerment Action Plan will set out the phasing of any technical and financial support required with an initial focus on the Immediate Priority Areas, a budget, and a resourcing plan and timetable with milestones and completion date.
Details of any technical and financial support required to deliver the Action Plan, including the details of the type of support required, if any.	The recommendation should include the budgeted cost, source of funds, planning and sequencing, how the strengthening will be undertaken by the Grantee including how any third-party expertise (if required) will be provided e.g. procurement of technical services.
How any strengthening is to be built into the Grantee's delivery mechanism.	The technical and financial support will result in strengthening of the Grantee's delivery mechanism whether through the strengthening of the Grantee's own systems or outsourcing of a key function e.g. financial management. The Empowerment Action Plan will clearly identify how the strengthening will enhance the Grantee's delivery mechanism.

The role of the Grantor in relation to the strengthening, if any is required.

The Empowerment Action Plan will specify how the Grantor will support the Grantee e.g. District Councils may support the communities to track expenditure and capture results.

Any specific thresholds or criteria have been agreed with the Grantee for monitoring progress along the empowerment pathway, and any triggers to increase or reduce the flexibility to make changes to the implementation plan without requiring no objection from the Grantor (within the terms of the grant agreement).

The levels of flexibility will be reviewed and adjusted as the strengthening process results in higher capability scores.

5. Grantor Governing Body Approval

The LIFE-AR Board will approve grants to National Platforms and the governing body of each National Platform will approve on-grants to Delivery Partners. The approving body will decide whether any conditions will be included in the grant agreement taking into account the findings of the Empowerment Due Diligence against the following criteria.

Table 3.4: Criteria for Governing Body to decide Grant Conditions

Empowerment Stage	Criteria	Grant Conditions
Weak Capability	Overall assessment as “Weak” OR One of more “Immediate Priority Area” recommendations not been fully implemented	No direct cash transfers Alternative delivery mechanism (for example, cash disbursements from Secretariat to Suppliers)
Adequate Capability	Overall assessment as “Adequate” AND No “Immediate Priority Area” recommendations outstanding	Direct cash transfers to Grantee No virement allowed Quarterly financial reporting Quarterly expenditure verification
Strong Capability	Overall assessment as “Strong” AND No “Immediate Priority Area” recommendations outstanding	Direct cash transfers to Grantee Virement up to 10% allowed Six-monthly financial reporting Light-touch expenditure reviews

6. Grantor Governing Approval of Release of funding

The Grantor will approve the release of funding once the grant agreement has been executed and further Empowerment Due Diligence has confirmed that the “Immediate Priority Areas” have been addressed. At the end

of each quarter the Grantee will send a progress report on the implementation of the Empowerment Action Plan evidencing progress against the Empowerment Action Plan.

7. Conflicts of Interest

Conflicts of Interest can arise in grant making decision-making processes, particularly in relation to the evaluation stage of the grant cycle, for grant staff whose role is to evaluate the workplan & budget objectively and to identify and recommend the award of the grant.

A Conflict of Interest can arise where a member of the grant making team has some other interest that could materially interfere with their duty to act impartially in the due diligence, evaluation and award process. Each person involved in the process at any stage has an obligation to proactively disclose any Conflict of Interest before participating.

A Conflict of Interest affects, or can be perceived to affect, a person's independence, objectivity or impartiality. It occurs when an individual is subject to two coexisting interests that are in direct conflict with each other. For example, a person may derive some form of personal benefit or advantage or avoid a personal disadvantage if a decision made in their official capacity has a particular outcome. There are three types of conflict of interest where a person's independence, objectivity or impartiality are compromised, could be compromised, or may be seen by some as being compromised. These are:

1. *Actual*: where a real conflict already exists;
2. *Potential*: where a conflict is about to happen, or could happen;
3. *Perceived*: where others might reasonably perceive that a person is compromised and unable to be independent, impartial or objective.

Where a Conflict of Interest has been identified, it should be managed and resolved quickly, in a way that is appropriate, fair and transparent.

In agreeing to act for an entity in the grant making process using LIFE-AR funds, each person should undertake to declare any Conflict of Interest. An evaluation committee member that has a Conflict of Interest must declare the conflict to the evaluation committee and recuse themselves from participating in any aspect of the evaluation process to which the conflict relates.

Please also refer to **Chapter 1 - Code of Conduct (Conflicts of Interest)**.

8. Fraud and Corruption Policy

Any person, organisation, company or other third-party engaged in activities related to LIFE-AR should at all times comply with all applicable legislation, regulations and rules in the countries they are registered and operating in.

“Aid Diversion” is any event, including fraud, corruption, bribery, theft, terrorist financing, money laundering and other misuses of funds that prevent aid funds from being directed to the aid outcomes or intended recipients.

The National Platforms and the Secretariat should immediately, and without delay, inform each other of any event that interferes or threatens to interfere with a grant agreement between the Secretariat and National Platforms including credible suspicions of, or actual, Aid Diversion.

The Secretariat and National Platforms have a zero-tolerance approach towards Aid Diversion, including any associated inappropriate behaviour and will fully co-operate with investigations into such events, whether led by LIFE-AR or National Platforms.

Consistent with local and international legislation, and applicable United Nations Security Council resolutions, LIFE-AR and National Platforms are firmly committed to the international fight against terrorism and to ensure that none of the LIFE-AR resources are used, directly or indirectly, to provide support to individuals or entities associated with terrorism and comply with obligations under applicable counter-terrorist financing legislation.

National Platforms and LIFE-AR should seek to ensure that no resources provided using LIFE-AR funds are made available or used to provide support to individuals or entities associated with terrorism, including those named on the following lists as updated from time to time:

1. European Union Sanctions
2. United Nations Security Council Sanctions List
3. UK Sanctions List
4. USA Sanctions List
5. Canada Sanctions List

This policy should be read in conjunction with Chapter 1 - Code of Conduct (Anti-bribery/Corruption).

9. Risk management process

Where appropriate the Grantor should undertake a risk management analysis to develop a risk mitigation strategy that details the risk, likelihood, impact and mitigation actions associated with a grant and should keep the risk register under regular review and adjust it as necessary. The risk management process should not only focus on the services but also the impact on community citizens if a risk were to materialise.

10. Granting financial management and accounting

National Platforms should establish appropriate systems and tools to manage LIFE-AR funds and their commitment and disbursement.

LIFE-AR grant agreements should be pre-funded and only be entered into with Grantees if there is an approved budget and the LIFE-AR funds for that grant are available, 'ring fenced' and committed in the Grantor's financial management system. The system should where possible record grant making financial transactions at the following stages:

1. *Planned granting* - as set out in the granting plan or delivery chain map (Plan stage of the granting cycle)
2. *Provisional or reserved commitment* - pre-award Due Diligence and Empowerment Action Plan stage of the granting cycle)
3. *Committed funds* - funds for a grant agreement that has been issued (agreement stage of the granting cycle)
4. *Disbursed funds* - funds that have been paid to a Grantee (implement stage of the granting cycle)

This policy should be read in conjunction with **Chapter 5 - Financial Management**.

11. Record Keeping and Audit

Any granting exercise may be subject to an internal or external audit at any time, and anyone managing LIFE-AR funds should undertake to maintain robust and complete record-keeping systems for all stages of the granting cycle, which should include as a minimum:

1. Plan - Delivery chain maps and granting plans;
2. Advertisement - Notices and invitations for proposals;
3. Award - proposal evaluation reports and notifications to partners re award;
4. Grant Agreement - grant award notices, grants agreements, and grant agreement amendments;
5. Implement - grant management correspondence, outcomes, invoices and payment records, and grant closure documents;
6. Authorisations of any of the above, e.g., for grant agreement issue, savings and efficiencies;
7. All email correspondence and meeting notes.

12. National Platform Manual

Each National Platform which should include a chapter setting out in detail the granting procedures which should be aligned with this Granting Policy. It should also specify which forms should be used to cover all aspects of managing granting as described in **Section 4. of this Granting Policy - The Granting Cycle**.

13. Transparency

Radical transparency for the LIFE-AR Platform should involve countries who are implementing LIFE-AR agreeing to make available on a publicly accessible website as many documents and as much data related to each grant, from grant planning to grant implementation, as possible. This approach should fulfil the National Platform's ambitions to provide clear accountability to LDC citizens, LDC governments and Development Partners.

Notices should be included on the Grantor's website of the key stages of the award.

Figure 3.7: Notifications at key stages of granting process



14. Granting technology and data

FRCs should agree on common standards for collecting granting data so that all stakeholders can benefit from a single version of the truth for all granting-related activities, from grant planning to grant implementation under the LIFE-AR Platform. This should also facilitate information sharing between LDCs on granting activities and reporting at an aggregated level on granting at the National Platform level. If possible, data relating to a LIFE-AR granting should be tagged "LIFE-AR".

15. Reporting on granting activities

Development Partners will report to the LDCs and the communities on the LDC Offer and Ask. This is addressed in the monitoring, evaluation & learning Plan.

The LIFE-AR Platform and National Platforms should align their approach to reporting on granting activities with the LIFE-AR MEL Strategy, working with accountability and transparency institutions to track value for money and achieve high standards for cost control and effectiveness.

The two complementary levels of reporting - at the LIFE-AR Platform level and country-level - should include all granting activities and the same data used for governance reporting as well as transparency reporting to citizen

communities and civil society providing one version of the truth within and outside the LIFE-AR implementing community.

Reporting systems should be designed by each National Platform and should contribute to the following types of reports which should be issued on a quarterly and annual basis:

Table 3.5: Reporting Levels

Level of reporting		Example reporting content on granting
Activity level		Value and the number of grants awarded
		Progress achieved against the National Platform's granting plan
Finance & risk updates		Commitment and disbursement made against grants and projections re grants at risk or in dispute
Annual report	outcome-level	Deliverables and outcomes from grants Annual reports should include an overview of any granting implemented.
Learning exercises		Challenges encountered e.g., grant management and methods used to resolve any problems

The Secretariat and the National Platforms should maintain and proactively provide to Development Partners up-to-date and accurate records of all grants which are funded by LIFE-AR funds and this should form the basis of the delivery chain risk map which should demonstrate the flow of funds from the initial source to end beneficiaries, and the risks and potential risks along the LIFE-AR delivery supply chain.

The Secretariat and the National Platforms should publish information to the International Aid Transparency Initiative (IATI) standard on all granting activities using LIFE-AR funds to allow traceability throughout the delivery chain.

This policy should be read in conjunction with [Chapter 8 - Reporting](#).

16. Grant Agreement

This covers the preparation and signature of the grant agreement and the publication of transparency notices. Grant agreement take different forms in different countries and for different partners e.g. memoranda of understandings in accordance with local legal and policy requirements.

Standards:

- Timeliness
- Transparency and accountability
- Fair treatment of partners

Benchmarks:

- The decision to fund should be published on-line subject to an appropriate publication threshold.
- The grant agreement should as far as possible follow a standard form.
- Records should be kept of all grants.
- The grant terms should be fair.
- The grant agreement should include an appropriate dispute resolution provision (see template dispute resolution clause).

VIII. IMPLEMENT

The National Platform implements the activities described in the workplan & budget with the support if required of the Secretariat.

This covers management of the grant and progress updates, disbursements under the grant, and closing the grant.

1. Standards:

- Timeliness
- Transparency and accountability

2. Benchmarks:

- Copies of the original and any amendments to a grant agreement should be published so that citizens can understand the impact of the amendments to the grant and the impact on the use of LIFE-AR funds.
- Disbursements under the grant should be in accordance with the grant terms.
- The grant should be actively managed to ensure that the outcomes are met in a timely fashion.
- LIFE-AR is seeking to encourage adaptive management, and variations of 10% of the total value of the grant will be permitted. Any revisions of more than 10% will require the approval of the Grantor.
- Where practical the outcomes of the grant should be published on-line so that citizens are aware of these and can hold the National Platform to account.

IX. OUTCOME

The outcomes of the grant will be monitored in accordance with the LIFE-AR MEL Strategy and where practical, information on the outcomes of grants will be published online or in other media so that citizens are aware of the outcomes and can hold the National Platform to account.

Chapter 4: Procurement Policy

I. PURPOSE AND APPLICATION OF THIS POLICY

This Procurement Policy sets out how procurement of goods, works or services should be undertaken by National Platforms, the Secretariat or any other entities or persons using LIFE-AR funds.

II. BUSINESS UNUSUAL FOR PROCUREMENT

1. National Platforms

Procurement using LIFE-AR funds by National Platforms is designed by and delivered by LDCs who decide how to plan, manage and use LIFE-AR funds and select the most appropriate procurement strategy. The focus of procurement strategy should be in line with LIFE-AR purpose - to ensure climate finance is invested behind communities' priorities. In this context, 'Business Unusual' is defined and owned by the National Platform, which should decide how this procurement policy will be applied.

2. LIFE-AR Governance

For the LIFE-AR Platform, procurement 'Business Unusual' focuses on the concept of radical transparency, openness and innovation, which includes:

- Open budgeting e.g. providing citizens and civil-society organisations with information to analyse, evaluate and participate in the budgeting process for the use of LIFE-AR funds.
- Simplifying procurement processes and contract documents, e.g. tender notices, tenders and contracts;
- Publishing open procurement data on the LIFE-AR Platform website for contracts, e.g. supply chain map (see [Annex A](#));
- Adopting Open Contracting Global Principles [\[Link\]](#) with a focus on making public the outcomes of procurement contracts under LIFE-AR, e.g. publishing consultants reports so that their public good is maximised;
- Supporting a forum for sharing procurement experience under LIFE-AR between LDCs through the LDC Community of Practice (a group of people who share a common concern, a set of problems, or an interest in a topic and who come together to fulfill both individual and group goals). as part of Workstream 3;
- New ways of planning procurement;
- Flexible and more innovative approaches to tendering, e.g. using eProcurement;
- Effective contract management focussing on outcomes;
- Simplification of reporting using a data-driven approach; and
- Devolved decision-making to the local level on what should be procured.

III. INTRODUCTION

1. LIFE-AR procurement and on-granting

The LIFE-AR Initiative budget will be disbursed through procurement of goods, works, or services or on-granting.

This policy covers the procurement needs of the National Platform and local partners as well as the Secretariat. There is a separate Granting Policy in [Chapter 3](#) of the SOP for establishing and operating grants. The Granting Policy will help determine whether a procurement or grant procedure should be used.

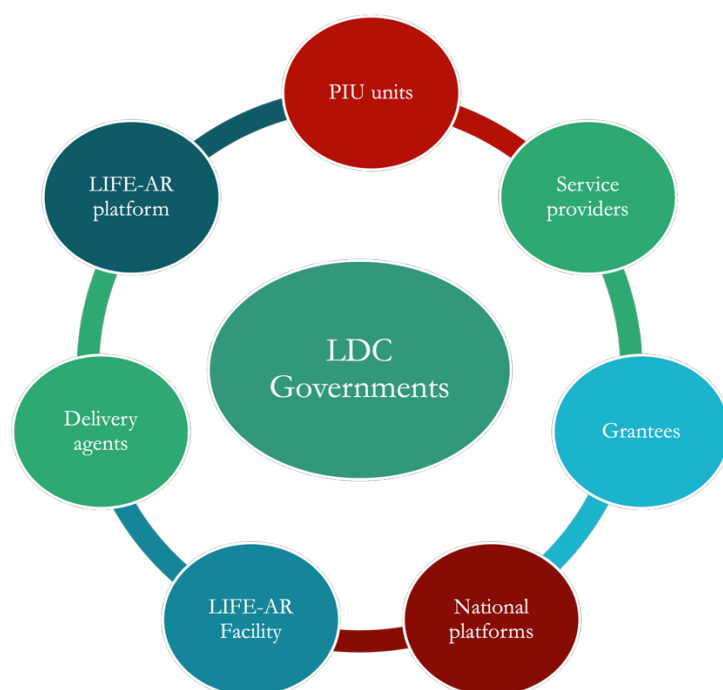
This policy will still apply if grants provided under LIFE-AR National Platforms include procurement by the Grantee or sub-grantee.

2. Policy Coverage - workstreams and entities

This policy covers all LIFE-AR workstreams throughout all phases of LIFE-AR i.e. the Establishment Phase, Test and Evolve Phase and Scale-up Phase.

This policy applies to all procurement activity covering goods, works or services carried out by LIFE-AR Participants.

Figure 4.1: Organisations covered by this policy



3. Principles-based policy

This policy is 'principles based' in recognition of LIFE-AR being an LDC-led and LDC-owned initiative. They have been developed on the basis that the standards and procedures used by LDCs or organisations delivering LIFE-AR using procurement should meet or exceed both the Development Partner conditions set out in the grant agreement and national public procurement laws and regulations in force in the LDC. This policy is designed to support the implementation of LIFE-AR from the global level of the Secretariat to the national delivery and local investments. They bind the principles of LIFE-AR, public sector procurement best

international practices, and Open Contracting² together to provide an integrated approach to using Development Partner funds for procurement.

Underpinning this policy are radical transparency, an open selection process by default, and public disclosure about all aspects of procurement using LIFE-AR funds. These will be powerful drivers to help deliver the maximum value to citizen communities from the LIFE-AR.

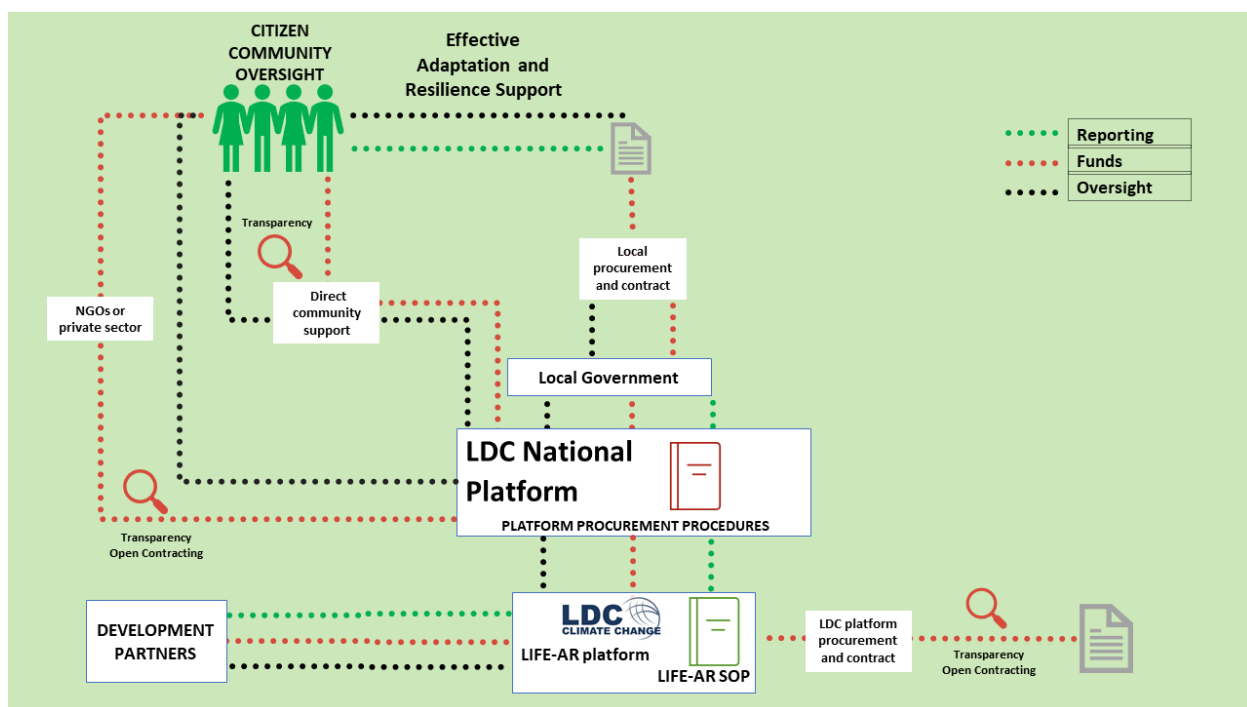
LIFE-AR's goal is to help build country systems, not to need LIFE-AR going forward, and where possible, LIFE-AR aims to use and strengthen existing systems and not design parallel ones. This policy has been prepared on the assumption that in most cases, country procurement systems will be used.

4. Governance structure

The governance structure for procurement is built on the foundations of this policy and the principles of LDC leadership, collaboration and sharing of experience on procurement activities by all stakeholders and using efficient reporting tools, and transparency by providing citizens with open and unrestricted access to procurement information.

The flow of funds, oversight and reporting is shown in Figure 4.3 below.

Figure 4.2: Reporting, the flow of funds and oversight



IV. ALIGNMENT OF PROCUREMENT POLICY WITH THE LIFE-AR STRATEGY

1. LIFE-AR Strategy

This policy also takes into account the LIFE-AR Strategy, which includes the following LDC commitments which are directly relevant to procurement:

² Open Contracting Partnership <https://www.open-contracting.org/>

- Develop transparent and open accountability mechanisms that engage LDC citizens, LDC government departments, civil society and finance providers;
- Develop rules and procedures built on transparency and mutual accountability that provide effective accountability to both finance providers and recipients, e.g. budgets signed off by the LIFE-AR Board are shared transparently;
- Introduce inclusive and transparent systems for monitoring and evaluation that support the development of performance standards, transparency and accountability mechanisms at country level to track value for money, carry out cost-effectiveness analysis and tracking of local investments into national public finance and accounting systems;
- Deliver transparency and build systems for clear accountability down to LDC citizens as much as up to Development Partners and that support scrutiny of cost drivers; and
- Introduce a control framework and systems that cover all aspects of LIFE-AR's activities, including risk management, financial management, integrity and ethics, anti-bribery and anti-corruption, value for money, transparency, accountability, monitoring and evaluation, compliance, audit, and assurance.

2. Principles of LIFE-AR procurement

The following international best practice procurement principles are intrinsically linked with the LIFE-AR Strategy:

A. The public good

All procurement using the LIFE-AR Platform is intended to benefit and protect citizens from the impact of climate change, and the public good should be considered at all stages of the procurement process.

B. Timeliness

The consequences of untimely or delayed procurement can have particularly dramatic consequences for citizens. All LIFE-AR partners should develop their procurement plans starting from the expected contract completion dates and build contingencies into the procurement planning process so that procurement activities are started at the right time and include a safety margin for procurement or contract implementation delays. Optimism bias in procurement planning should be challenged wherever possible, so that procurement plans are as realistic and achievable as possible.

C. Value for money

Value for money can be defined as the most advantageous combination of cost, quality, and sustainability to meet the LDC Offer and Ask and LIFE-AR objectives. In the LIFE-AR context:

- Cost means not just minimising the financial cost but also ensuring that LIFE-AR gets the best value inputs while not losing sight of quality and control over the budget and transaction costs.
- Quality means meeting a specification that is fit for purpose and sufficient to ensure that the outputs deliver the desired LIFE-AR outcomes.
- Sustainability means institutional, economic, social, and environmental benefits supporting the LIFE-AR objectives.

Value for money is not only a fundamental principle for delivering the maximum impact but also a necessary foundation for fulfilling the other procurement principles and accountability to LDC citizens and funders.

3. Transparency and Accountability

Transparent systems and tools are necessary for monitoring the complete procurement cycle and to provide unrestricted access to procurement documents and open data for stakeholders, citizens, development partners, and partner LDCs for procurement undertaken on LIFE-AR.

Accountability mechanisms that engage citizens and civil society in holding implementing stakeholders to account are important. They should deliver transparency and build systems that enable engagement for clear accountability to LDC citizens as much as up to development partners, supporting scrutiny of cost drivers.

4. Integrity

Procurement under LIFE-AR should adhere to the highest ethical standards for public officials and public procurement and all staff involved in a procurement process have a responsibility to act with integrity and, for example, declare any conflict of interest at the outset and exclude themselves from further involvement in the procurement process.

5. Efficiency

The procurement process's efficiency will significantly impact the outcome of the contract, how quickly it is delivered, and the transaction costs for both the buyer and Supplier. For this reason, careful planning should be done at the outset to select the most appropriate procurement method and the efficient tendering and contracting process.

6. Fair treatment of Suppliers

Suppliers will have an important contribution to make in helping to fulfil the other principles, such as obtaining value for money, providing transparency by actively participating in competitive procurement procedures, and delivering services under awarded contracts. They should therefore be given ample opportunity to participate in competitive procedures, and suitable grievance procedures should be in place to manage bidders' complaints, for example, on the award of contracts to another bidder.

7. LIFE-AR Principles and Procurement Principles

The adoption of the procurement principles day to day by all stakeholders is an important step in helping to make sure procurement is a positive contributor to delivering the desired outcomes of LIFE-AR. It also helps LDC partners protect the wider interests of the LDC partner community so that, as far as possible, the LIFE-AR Platform is protected from any allegations of delays or mis-procurement, corruption, or elite capture.

The seven procurement principles play a critical role in delivering the expected benefits of LIFE-AR. They are intrinsically linked to LIFE-AR's overarching principles:

Table 4.1: Procurement principles support for LIFE-AR principles

LIFE-AR principle	How procurement supports the LIFE-AR principles
Work together jointly on a shared and equal platform.	LDCs shape and lead the procurement under the platform and provide radical transparency to all partners and citizens on all procurement activities at all stages of the procurement cycle at the platform, national, and local grant levels (where the grant is used for procurement).
Invest behind integrated, holistic and ambitious climate planning across whole of society.	Planning of procurement inputs needs to be an integral part of the climate planning priorities, and where necessary, procurements are prioritised and risk assessed so that they do not delay achieving the objectives of the climate plan.
Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030.	LDCs have the tools to plan and monitor the progress of all procurement-related activities necessary to achieve the 70% target.

Work at the pace of individual LDCs, aiming to build long-term national and local institutions, systems, structures and capabilities.

Procurement systems are designed by LDCs that embed the seven procurement principles.

Leave no country and no one behind.	Challenges that LDCs may face in undertaking procurement should be mitigated by openness between LDC partners and sharing of procurement experience. To ensure that no community members are left behind, citizens should be actively engaged and consulted on planned procurement activities for their communities.
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8. Open Contracting Global Principles

LIFE-AR’s aspirations to provide ‘radical transparency’ can be supported by the National Platforms and the Secretariat embracing the OCP’s³ OCGP of:

- Affirmative Disclosure;
- Participation;
- Monitoring; and
- Oversight

These open government principles reflect the belief that increased disclosure and participation in public contracting will have the positive effect of making contracting more competitive and fair, improving contract performance, and securing better development outcomes. These principles require all LIFE-AR stakeholders to affirmatively disclose documents and information related to contracting financed by LIFE-AR. Open contracting enables meaningful understanding, effective monitoring, efficient performance, and accountability for outcomes.

V. THE PROCUREMENT CYCLE

The seven procurement principles in this policy apply horizontally throughout each procurement cycle from planning to implementation so that the integrity of the procurement process is protected at each stage and a weak link in the chain that threatens the outcome of the procurement process for citizens is avoided.

Figure 4.3: The procurement cycle



Similarly, each stage of the procurement cycle needs careful attention so that, for example, weak procurement planning at the outset does not lead to delays at the contract implementation stage. While it is expected that LDC’s partners will use their national procurement systems in most cases, this procurement policy sets out principles and practices for a common approach that all LDC partners and the Secretariat can adopt.

³ Open Contracting Partnership <https://www.open-contracting.org>

While all of the procurement principles should apply to every procurement activity, some should be key at each stage of the procurement cycle and these are listed below.

1. Plan

This covers the planning phase and includes the preparation and approval of the procurement plan.

Key Principles:

- The public good
- Timeliness
- Efficiency

Practices:

- Appropriate goods, works or services are selected for procurement aligned with the National Platform objectives and priorities and to help contribute to the target of 70% of funding being invested behind community priorities.
- Procurement is planned to be as efficient as possible in terms of the level of effort, transaction costs and the method of procurement.
- Realistic procurement planning is started sufficiently early to deliver the goods, works or services to the recipient at the right time;
- A procurement plan should be an important tool for effectively managing the procurement process and sets out the packages, estimated value, method of procurement, and key procurement milestones from the tender stage through to contract completion. It can also be helpful in communicating with funders and prioritising the work plan for the country platform and, when published, providing a high degree of transparency from the outset. For procurement planning to be effective, it should be a continual process with revised plans being created as necessary.
- The decision to use the procurement rather than the grant route should be validated prior to preparing the procurement plan.

2. Tender

This covers the tender phase and includes preparation and issue of tender or request for quotation documents and receipt of bids.

Key Principles:

- Timeliness
- Value for money
- Transparency and accountability
- Fair treatment of Suppliers

Practices:

- To deliver on as many of the procurement principles as possible, the default method of procurement should be competitive and open unless the value of the requirement is below the threshold for competition or there are exceptional and documented circumstances that make a competitive procurement impractical.
- Tender invitations should be designed to obtain the best value for money, which is the optimum combination of price, quality, and other criteria such as delivery.
- Sufficient time is given for Suppliers to prepare and submit competitive bids, and full account is taken for the time necessary for the evaluation of bids and approvals by tender committees and no objections by other bodies e.g. procurement oversight body.
- All bidders should be treated equally and without preferential treatment, and tender documents and evaluation criteria should be designed not to favour any one Supplier or product.

- Open or restricted competitive tendering should be the default method of procurement and when it is necessary to make a direct award without competition, it is particularly important that the reasons for a direct award are made public.
- Tender notices should be published online to give Suppliers the best opportunity to participate.
- For an open competitive procedure, the entity responsible for procurement should take appropriate steps to actively encourage competition and advertise the opportunity widely in one or more of the following:
 - Newspapers
 - Posters in the market, shops, public halls, and recreational centres;
 - Radio;
 - Relevant National Government offices;
 - Provincial Administration Offices;
 - County Government Offices;
 - Other Relevant NGOs' offices;
 - Targeted invitations to known service providers
- Where possible the tender should be published on the national e-procurement platform or the entities website and where appropriate on international procurement portals such as DEVEX⁴, DG Market⁵, or UNDB⁶.
 In exceptional cases where a direct selection above the single source threshold is considered unavoidable, the procuring entity should complete value for money checks and document the justification for not using a competitive procedure and prepare a contract award notice that includes the reason for a direct award for publication on a suitable website.
- In both competitive and non-competitive procurement exercises, value for money should be checked, because a competitive procurement exercise does not guarantee value for money.

3. Award

This covers the evaluation phase and includes the preparation of the evaluation report and notification of the decision to award the contract to the unsuccessful and the successful bidder/s.

Key Principles:

- Timeliness
- Value for money
- Transparency and accountability
- Fair treatment of Suppliers

Practices:

- Every effort should be made to decide the award of a contract within the period set out in the procurement plan and certainly within the bid validity period set out in the tender or request for quotation.
- Evaluation methodologies should be established and documented before the tender has been issued and, where practical, the evaluation criteria should be set out fully in the tender document. Depending on the value of the procurement, an evaluation report may be required so that internal approvals and other 'no objections', for example, from the procurement oversight body, can be applied for.
- All bidders should be treated equally, and no preference should be shown to any bidder.

⁴ DEVEX <https://www.devex.com/>

⁵ DG Market <https://www.dgmarket.com/>

⁶ United Nations Development Business <https://devbusiness.un.org/>

- The decision about whom to award a contract should involve financial and technical evaluation of each bid or proposal received in accordance with previously set out evaluation criteria and methodologies.
- Securing the best value for money outcome should, where the tender conditions permit, take account of other criteria such as lifecycle costs, social value, and green procurement policy.
- The person managing the procurement should prepare an evaluation report that records details of all the bids received and explains in sufficient detail the reasons for the decision to award a contract to a bidder or combination of bidders.
- Unsuccessful bidders should be notified of the decision to award the contract and any complaints that are received should be managed in accordance with the applicable national procurement laws and regulations and where appropriate the procurement should be suspended until the complaint has been fully investigated.

4. Contract

This covers the contract issue phase and includes preparation and signature of the contract and publication of transparency notices.

Key Principles:

- Timeliness
- Transparency and accountability
- Fair treatment of Suppliers

Practices:

- Contract award notices should be published online following the signature of contracts by the procuring entity and Supplier (subject to a suitable publication threshold).
- Every effort should be made to award a contract within the validity period set down in the tender document
- Contracts should be prepared by the procuring entity using standard contract forms as required by the national procurement law and regulations and negotiations should only be done in accordance with the procurement law.
- It is the responsibility of the procuring entity to maintain records of all contracts in a secure environment.
- For certain types of procurement, it may be advisable to include key performance indicators (KPIs) in the contract and to publish the progress of the contract against these KPIs regularly.
- Equitable contracts should be established between procuring entities and Suppliers

5. Implement

This covers the contract management phase and includes progress updates for the status of delivery of a contract, making payments to Suppliers, agreeing and issuing contract amendments, and the completion or termination of a contract.

Key Principles:

- Timeliness
- Transparency and Accountability

Practices:

- To ensure maximum transparency, copies of the contract amendments should be published.
- Payments to Suppliers should be made within the period set out in the payment terms in the contract
- Effective and proactive contract management should be undertaken, working in partnership with the Supplier to ensure that the contract delivery schedule is met.

- Where practical, information on the outcomes of contracts should be published online or in other media so that citizen communities are aware and can hold the National Platform to account where needed.

VI. DUE DILIGENCE

Proportionate and robust due diligence procedures should be adopted by the LDC Platform, National Platforms and any sub-national delivery partners for the vetting of Suppliers. This is separate and distinct due diligence from Empowerment Due Diligence and any other Due Diligence carried out on Development Partners. Where a Supplier in the LDC platform country has submitted a bid to provide services in the LDC country, the due diligence should not rely entirely on an evaluation of the qualifications and capacity of a Supplier's parent company; instead, it should assess the information provided by that bidder about its own capacity.

Due diligence should be carried out before the award of a contract and should not be done retrospectively.

Due diligence should, as a minimum, assess the winning bidders:

1. Previous track record in the supply of similar goods, works or services to those being procured;
2. Capability to fulfil the planned contract e.g., qualifications and experience of the staff being proposed for a consultancy study;
3. Financial standing and capacity to finance the contract taking into account the value of the planned contract;
4. Safeguarding, human rights, environmental and climate policies;
5. Governance;
6. Conflicts of interest;
7. All of the above for any sub-contractors or consortium members whilst noting that the Supplier, contractor, or consultant should not subcontract the whole of the contract.

Checks should also be done to ensure that the winning bidder or any associated individuals do not appear on any sanctions or debarment list e.g.:

- European Union Sanctions
- United Nations Security Council Sanctions List
- UK Sanctions List
- USA Sanctions List
- Canada Sanctions List
- World Bank Listing of Ineligible Firms & Individuals⁷
- African Development Bank⁸
- Asian Development Bank⁹,
- European Bank for Reconstruction and Development¹⁰,
- Inter-American Development Bank¹¹

VII. CONFLICTS OF INTEREST

Conflicts of Interest can arise in procurement decision-making processes, particularly in relation to the evaluation stage of the procurement cycle, for procurement staff whose role is to evaluate bids objectively and

⁷ <https://www.worldbank.org/en/projects-operations/procurement/debarred-firms>

⁸ <https://www.afdb.org/en/projects-operations/debarment-and-sanctions-procedures>

⁹ <https://lnadbg4.adb.org/oga0009p.nsf>

¹⁰ <https://www.ebrd.com/ineligible-entities.html>

¹¹ <https://www.iadb.org/en/transparency/sanctioned-firms-and-individuals>

to identify and recommend the winning bidder. A Conflict of Interest can arise where a procurement team member has some other interest that could materially interfere with their duty to act impartially in the procurement and evaluation process. Each person involved in the procurement process at any stage has an obligation to proactively disclose any conflict of interest before participating.

A Conflict of Interest affects, or can be perceived to affect, a person's independence, objectivity or impartiality. It occurs when an individual is subject to two coexisting interests that are in direct conflict with each other. For example, a person may derive some form of personal benefit or advantage or avoid a personal disadvantage if a decision made in their official capacity has a particular outcome.

There are three types of Conflict of Interest where a person's independence, objectivity or impartiality are compromised, could be compromised, or may be seen by some as being compromised. These are:

1. Actual: where a real conflict already exists;
2. Potential: where a conflict is about to happen, or could happen;
3. Perceived: where others might reasonably perceive that a person is compromised and unable to be independent, impartial or objective.

Where a Conflict of Interest has been identified, it should be managed and resolved quickly, in a way that is appropriate, fair and transparent.

In agreeing to act for an entity in the procurement of goods, works or services using LIFE-AR funds, each person should undertake to declare any Conflict of Interest. An evaluation committee member with a Conflict of Interest should be automatically excluded from participating in the evaluation process.

This policy should be read in conjunction with [Chapter 1- Code of Conduct \(Conflicts of Interest\)](#).

VIII. FRAUD AND CORRUPTION POLICY

Any person, organisation, company or other third-party representative engaged in activities related to LIFE-AR should at all times comply with all applicable legislation, regulations and rules in the countries they are registered and operating in.

Aid Diversion is any event, including fraud, corruption, bribery, theft, terrorist financing, money laundering and other misuses of funds that prevent funds from being directed to the aid outcomes or recipients intended.

The National Platforms and the LIFE-AR Secretariat should immediately, and without delay, inform each other of any event that interferes or threatens to materially interfere with a grant agreement between the LIFE-AR Secretariat and National Platforms including credible suspicions of, or actual Aid Diversion.

The LIFE-AR Secretariat and National Platforms have a zero-tolerance approach towards Aid Diversion, including any associated inappropriate behaviour and should fully co-operate with investigations into such events.

Consistent with local and international legislation, and applicable United Nations Security Council resolutions, the LIFE-AR and National Platforms are firmly committed to the international fight against terrorism and to ensure that none of the LIFE-AR resources is used, directly or indirectly, to provide support to individuals or entities associated with terrorism and comply with obligations under applicable counter-terrorist financing legislation.

National platforms and LIFE-AR will seek to ensure that no resources provided using LIFE-AR funds are made available or used to provide support to individuals or entities associated with terrorism, including those named on the following lists as updated from time to time:

1. HM Treasury's Office of Financial Sanctions Implementation – Financial sanctions: consolidated list of targets;
2. UK Home Office – Proscribed terrorist groups or organisations;
3. European Union – Consolidated list of sanctions;

4. United Nations – United Nations Security Council Sanctions List;
5. World Bank – World Bank Listing of Ineligible Firms & Individuals.

This policy should be read in conjunction with Chapter 1 - Code of Conduct (Anti-bribery/Corruption).

IX. RISK MANAGEMENT PROCESS

Where appropriate the body responsible for the procurement should undertake a risk management analysis to develop a risk mitigation strategy that details the risk, likelihood, impact and mitigation actions associated with a procurement and should keep the risk register under regular review and adjust it as necessary. The risk management process should not only focus on the services but also the impact on citizens if a risk were to materialise.

This policy should be read in conjunction with [Chapter 6 - Risk management](#) and [Chapter 7 Audit and Compliance](#)

X. PROCUREMENT FINANCIAL MANAGEMENT AND ACCOUNTING

National Platforms should establish appropriate systems and tools to manage LIFE-AR funds.

LIFE-AR contracts should be prefunded and only be entered into with Suppliers if there is an approved budget and the LIFE-AR funds for that contract are available, 'ring fenced' and committed in the procuring entities financial management system. If the contract is not to be fully prefunded, for example in the case of a multi-year contract where funds are allocated on a provisional basis for future years, then the tender documents and contract should make this clear (including the ability for the LIFE-AR party to terminate the contract if future funding is unavailable). The system should where possible record procurement financial transactions at the following stages:

1. Planned procurement - as set out in the procurement plan or supply chain map (plan stage of the procurement cycle)
2. Provisional or reserved commitment - requirement being tendered (tender stage and award of the procurement cycle)
3. Committed funds - funds for a contract that has been issued (contract stage of the procurement cycle)
4. Disbursed funds - funds that have been paid to a Supplier (implementation stage of the procurement cycle)

This policy should be read in conjunction with [Chapter 5 - Financial Management](#).

XI. RECORD KEEPING AND AUDIT

Any procurement exercise may be subject to an internal or external audit at any time, and anyone managing LIFE-AR funds should undertake to maintain robust and complete record-keeping systems for all stages of the procurement cycle, which should include as a minimum:

1. Plan: Supply chain maps and procurement plans;
2. Tender:- Tender notices, pre-qualification and tender documents, bids and bid clarifications
3. Award: Tender evaluation reports and notifications of results to bidders;
4. Contract: Contract award notices, contract documents and contract amendments;
5. Implement: Contract management correspondence, deliverables provided by the Supplier, invoices and payment records, and taking over certificates;
6. Authorisations of any of the above, e.g., for contract issue, savings and efficiencies;

7. All email correspondence and meeting notes.

This policy should be read in conjunction with Chapter 6 - Risk management and Chapter 7 Audit and Compliance.

XII. PROCUREMENT THRESHOLDS

Procurement thresholds are the published financial thresholds applying to in scope goods, works and services as set out in any applicable public procurement legislation or this procurement policy.

They determine what method of procurement will be used as well as the threshold for the publication of tender and contract award notices. These thresholds may be revised and the thresholds for the Secretariat and National Platforms are set out in [Annex B](#) and Annex C respectively. The procurement thresholds for the National Platform should be set out in the National Platform Manual (see below).

XIII. NATIONAL PLATFORM MANUAL

The organisation responsible for undertaking procurement at a national (LDC) level should produce a manual for its National Platform before the start of the Test and Evolve Phase and Scale-Up Phase, which should include:

- Governance Framework - this includes but is not limited to outlining the roles and responsibilities under the National Platform, the decision-making process, the reporting framework etc.
- The adoption of the principles and standards set out in the SOP by the National Platform including at the local level
- Procurement and grant management
- The applicable accounting standard
- Financial information within a Management Information System (MIS)
- Budgeting and Reporting
- Risk Management
- Performance management
- Compliance [including with Development Partner conditionality]
- Internal and external audit function. Including annual audit and financial statements
- Bank accounts including signatories
- Record keeping
- Liquidity management
- Bank reconciliation
- Processing all payment requests under contracts, funding agreements or other obligations
- Payments
- Expenses
- Treasury management
- Records management

The procurement chapter of the National Platform Manual must set out in detail the procurement procedures which should meet the standards of this policy, and which should include procurement thresholds for direct contracting, restricted tendering and open tendering, levels of authority for approval of different values of procurement and governance structures. It should also specify which procurement forms should be used, e.g. tender notice, request for quotation or proposal, tender documents, evaluation reports, bid opening minutes and contract forms and cover all aspects of managing procurement. Further details regarding the National Platform Manual are set out in Chapter 10 of the SOP.

XIV. COUNTRY PROCUREMENT SYSTEMS

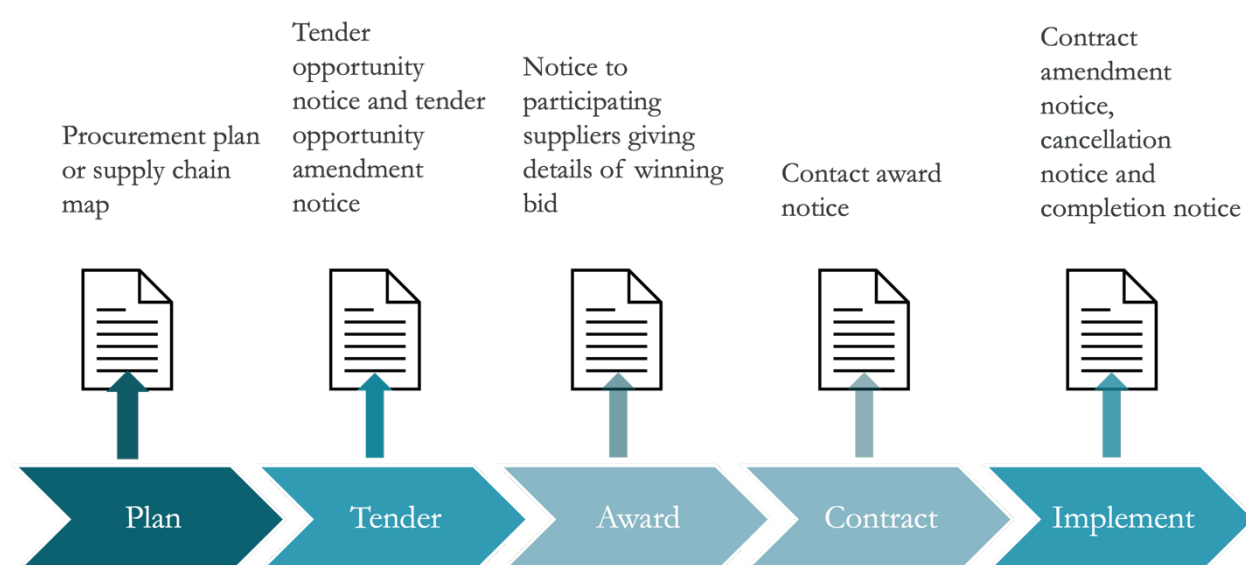
Any LDC will have a dialogue with the Secretariat during the inception phase of their National Platform development about the use of country procurement systems and procedures for procurement using LIFE-AR funds and will negotiate any additional or alternative measures that are considered necessary by either partner before the National Platform Manual is completed and procurement can begin.

XV. TRANSPARENCY AND OPEN CONTRACTING

Radical transparency for the LIFE-AR platforms will involve countries who are implementing LIFE-AR agreeing to make available on a publicly accessible website as many documents and as much data related to each procurement, from procurement planning to contract implementation, as possible.

This open contracting approach will fulfil the National Platform's ambitions to provide clear accountability to LDC citizens, national and development partners.

Figure 4.4: Transparency notices



This policy should be read in conjunction with [Chapter 1 Code of Conduct](#).

XVI. PROCUREMENT TECHNOLOGY AND DATA

Partner LDCs should agree on common standards for collecting procurement data so that all stakeholders can benefit from a single version of the truth for all procurement-related activities, from procurement planning to contract implementation under the LIFE-AR Platform. This should also facilitate information sharing between LDC partners on procurement activities and reporting at an aggravated level on procurement at the LDC Platform level. If possible, data relating to a LIFE-AR procurement should be tagged “LIFE-AR”.

XVII. REPORTING ON PROCUREMENT ACTIVITIES

The LIFE-AR Platform and National Platforms will align their approach to reporting on procurement activities with the MEL Strategy working with accountability and independent transparency institutions to track value for money and achieve high standards for cost control and effectiveness. The two complementary levels of reporting at the LIFE-AR Platform-level system and country-level systems for LIFE-AR should include all procurement activities and the same data used for governance reporting as well as transparency reporting to citizens and civil society - providing one version of the truth within and outside the LIFE-AR implementing community. The reporting systems should be designed to embrace the Open Contracting Global Principles.

Reporting systems should be designed by each National Platform and should contribute to the following types of reports which should be issued on a quarterly and annual basis as appropriate:

Table 4.2: Reporting levels

Level of reporting	Example reporting content on procurement
Activity level	Value and the number of tenders and contracts issued Progress achieved against the National Platform's procurement plan
Finance & risk updates	Commitment and disbursement made against contracts and projections Contracts at risk or in dispute
Annual outcome-level report	Deliverables and outcomes from procurement contracts Annual reports should include an overview of any procurement procedures (including tendering) implemented.
Learning exercises	Challenges encountered e.g., contract management and methods used to resolve any problems

The Secretariat and the National Platforms should maintain and proactively provide to LDCs and Development Partners up-to-date and accurate records of all contracts which are funded by LIFE-AR funds and this should form the basis of the delivery chain risk map which should demonstrate the flow of funds from the initial source to end beneficiaries, and the risks and potential risks along the supply chain.

The Secretariat and National Platforms should publish information to the International Aid Transparency Initiative (IATI) standard on all procurement activities using LIFE-AR funds to allow traceability throughout the delivery chain.

This policy should be read in conjunction with [Chapter 8 - Reporting](#).

Chapter 5: Secretariat Financial Management Manual

I. INTRODUCTION

LIFE-AR's funds will be disbursed from the LIFE-AR Platform to National Platforms who will then spend it through the procurement of goods, works or services or by on-granting. On-granting may be to a combination of entities including national and local government structures, national and international NGOs, community organisations but with the ultimate goal of ensuring 70% reaches a local level and that communities are part of the decision making on how funds are spent.

This Manual has been developed based on best practice and will be further developed by the Secretariat over the life of LIFE-AR to ensure that they continue to be fit for purpose

II. PURPOSE

This Manual documents the internal controls adopted by the LIFE-AR Platform to safeguard assets, secure the accuracy and reliability of accounting data and financial reporting, and promote operational efficiency. It is primarily intended to cover the operations of the Secretariat and its interface with the National Platforms; it is not intended to cover the operations of the National Platforms themselves or their Delivery Partners. Whilst LIFE-AR will not prescribe in detail the policies and procedures to be followed by the National Platforms, LIFE-AR will set out the principles, practices and standards which all LIFE-AR partners are endorsing, and so expects adherence to these by the National Platforms and those who receive grants from the National Platforms. The National Platforms will have their own National Platform Manuals which will show how the LIFE-AR Principles connect with their rules.

As the SOP is refined, the Secretariat will develop templates in close collaboration with each of the FRCs. This will ensure that they reflect local priorities and are rigorously reviewed and improved. LIFE-AR will specify the standards to be followed rather than requiring the use of standard LIFE-AR templates.

1. Standards and Statutory Requirements

LIFE-AR and National Platforms will at all times comply with IFRS, International Auditing Standards, and relevant national statutory requirements regarding financial management and reporting.

2. Finance Strategy

LIFE-AR has the ambition to become an exemplar of new and more effective ways of working where LDCs and Development Partners work together as equals under a shared LDC 2050 Vision. This Manual will seek to embody these new dynamics and relationships by building on solid foundations of equity in resource allocation, mutual trust, transparency and a partnership of equals in line with the Partnership Compact.

LIFE-AR shall, as far as possible, operate as a "Pooled Fund". Pooled Fund refers to the treatment of multiple Development Partners' funds being aggregated as one pot for funding of the LIFE-AR Platform, to provide a unified budget.

Other Development Partners joining the LIFE-AR Initiative will be strongly encouraged to adopt the Pooled Fund approach. However, that may not always be possible and some may only be able to contribute to specific activities and budget lines. Where this happens, these ring-fenced funds will be disaggregated from total expenditure and accounted for separately.

Advance payment of funds will be required from Development Partners. This will be in accordance with forecast budgets and periodic financial reporting to ensure sufficient funds are advanced which match the pace

of implementation. Funding will be negotiated on a multi-year basis to ensure that it is committed to provide greater certainty for LDCs so that they can invest in longer-term activities.

LIFE-AR recognises that funding from its Development Partners comes from public funds and that therefore LIFE-AR has a fiduciary responsibility to protect those funds and to use them to achieve impact and good value for money (VFM).

LIFE-AR will do everything it can to ensure that its funds are used for their intended purposes and that the risks of misappropriation or other diversions are minimised, as reflected in the Contribution Agreements between the Development Partners and LIFE-AR.

The LDC Offer and Ask is to focus on *Business Unusual* approaches which include taking forward coordinated whole of society responses that bring government, civil society, academia, private sector, and local communities together across sectors and governance levels, to ensure that majority of the finance (70%) reaches local level by 2030.

LIFE-AR shall work with National Platforms to manage Development Partner funds with the least amount of administration so as to maximise the funds reaching the local level. The cost and level of compliance should be proportionate throughout the LIFE-AR Platform; where the cost of compliance and administration of Development Partner funds is considered to be too high, the Secretariat will develop innovative proposals to lower the transaction costs of compliance in collaboration with FRCs and Development Partners.

3. Finance Team Organogram

During the initial phase of LIFE-AR's development, LIFE-AR's finance team will be provided by the Secretariat.

The structure, roles, and responsibilities of the finance team of the new LIFE-AR legal entity will be developed in due course. The needs of the new legal entity are currently being considered and will be laid out in more detail in an implementation plan for approval by the LIFE-AR Board in early 2023. In designing the structure of the finance team, a balance will be struck between keeping overheads to a reasonable level whilst at the same time ensuring that good practice is followed, systems are well controlled, and fiduciary risk is effectively managed.

As there is greater clarity surrounding the SOP and authority limits, the processes to be followed throughout LIFE-AR's life will become clearer and better defined. In turn, this will then mean that the precise functions of the finance team can be spelled out. This, combined with more accurate forecasts of likely income, will enable a finance team structure to be designed in mid-2023 which will incorporate sufficient staff resources to deal with the anticipated workload whilst at the same time ensuring that there is proper segregation of duties. Early indications are that this will likely mean that there would be a "Head of Finance" supported by a financial accountant (dealing with accounting, financial statements, and audit), a management accountant (dealing with budgets and financial management reporting) and an operations accountant (with responsibility for cash-flow management, payments and banking).

III. MONTHLY, QUARTERLY AND YEAR-END PROCEDURES

During the initial phase of LIFE-AR's development, the reporting procedures will follow those of the current host of the Secretariat. The reporting arrangements approved by the LIFE-AR Board include a quarterly finance report and a half-yearly progress report, as well as an annual report and annual financial statements. [Reporting requirements are set out in greater detail in \[Chapter 8\] of the SOP.](#)

IV. BUDGETING AND FORECASTING

1. Reporting Structure

The overall budget framework for LIFE-AR has been developed for a period of 10 years and will be updated on a two-year cycle going forward.

The overall budget will be analysed by financial year and broken down into quarterly forecasts. Each annual budget will be updated and approved before the start of the financial year, taking into account expenditure in the previous year, updated forecasts, changes to expected contributions, and any changes to underlying assumptions about exchange rates. Annual budgets will be broken down into quarters and these forecasts will be updated quarterly.

The budget for LIFE-AR shall be split into two elements: operating costs and transfers to National Platforms.

The budget shall be prepared to cover a complete UK financial year (April to March). Once established as a separate legal entity, the LIFE-AR Board may decide to adopt a different financial year if this would better match the financial management needs of the National Platforms.

The budget for both elements of the budget shall be approved by the LIFE-AR Board before the start of the relevant financial year.

2. Management Accounts

Quarterly management accounts will be prepared and these will form the basis for the “Quarterly Financial Report”. This is in line with the management accounting practice of the current host of the Secretariat. These management accounts will take into account expenditure by the Secretariat as well as Quarterly Financial Reports submitted by each National Platform.

As LIFE-AR’s annual expenditure increases, it is likely that the independent entity will look to produce management accounts more frequently, probably monthly.

3. Monitoring and Corrective Actions

Budget holders will provide explanations of any variances of more than 10% where the variance is [£10,000] or more within one week of receiving the management accounts in which the variance is highlighted.

V. INTERNAL CONTROLS

1. Delegation of Authority

The LIFE-AR Board has delegated to the Secretariat Director responsibility for establishing an effective control framework, including segregation of duties to ensure that fiduciary risk is kept to acceptable levels. In turn, the Secretariat Director has delegated this to the Programme Manager who has day-to-day control over LIFE-AR. This will require adequate resources to be dedicated to LIFE-AR. In particular, segregation of duties will mean that functions need to be allocated to different members of Secretariat staff such that one person is not able to control multiple stages of a single transaction. Inevitably this will require additional staffing which will result in extra indirect cost.

The LIFE-AR Board’s approval is required for the initial (and any subsequent revisions to) Contribution Agreements, the annual budget, the SOP, annual financial statements, following the recommendation of the Secretariat Director.

The Programme Manager (on behalf of the Secretariat Director)’s approval shall be required for all requests for contributions submitted to funding providers. These requests will be in line with the agreed contributions schedule set out in the Contribution Agreement except where revisions are proposed and justified (subject to the approval of the Development Partner).

The Programme Manager’s approval is required for the Quarterly Financial Report.

The Programme Manager’s approval is required for all payments up to £5,000. All payments of £5,000 or more shall require the approval of the Programme Manager and the Secretariat Director.

Internal Audit shall regularly review the operation of the control framework and report to the LIFE-AR Board on its findings.

Authority limits shall be set out in a “Scheme of Delegation” which shall be approved by the LIFE-AR Board.

VI. PROJECT MANAGEMENT

1. Proposals

The Workplan & Budget developed by each National Platform shall be submitted to the Programme Manager for review, in conjunction with a review by the LIFE-AR Technical Lead and Workstream lead(s). Subject to a positive review, the Secretariat Director shall then submit them to the LIFE-AR Board for approval. In giving its approval (or not, as the case may be), the Board may impose any conditions it thinks fit.

The Workplan & Budget shall include a detailed budget and a milestone-based disbursement schedule aligned with payments due to Suppliers, Delivery Partners and National Platforms.

No funds shall be passed to a National Platform unless provided for in an approved Workplan & Budget.

2. Reporting Framework

National Platforms shall submit a Quarterly Financial Report and a half-yearly progress report within two weeks of the end of each financial quarter/financial half-year. The reports shall be in a format developed by the Programme Manager.

The reports shall set out the progress which has been made on project implementation and summarise the expenditure incurred in the quarter and to date. The reports shall also detail all instances of grants and contracts which have been awarded non-competitively giving a brief justification for each instance as well as explaining the writing-off of any assets.

The Secretariat shall prepare a Quarterly Financial Report and half-yearly progress report within one month of the end of each financial quarter for submission to the LIFE-AR Board and to all Development Partners. The report shall be in a standard format approved by the LIFE-AR Board and all Development Partners.

3. Checking reports

The Secretariat shall conduct whatever checks it considers necessary on each National Platform's Quarterly Finance Report to verify the expenditure which has been incurred. These checks will include “real-time” spot checks (at least every financial year) and may include commissioning a full audit of the expenditure in the financial quarter. The level of these checks will be determined taking into account the entity's progress in implementing its Empowerment Action Plan.

VII. CONTRIBUTIONS

All new sources of funding and the purposes for which the funding may be used must be approved by the LIFE-AR Board in advance. In giving its approval, the LIFE-AR Board will want to assure itself that the new Development Partner is aligned with the objectives of LIFE-AR and that accepting funding from the Development Partner will not cause any significant reputational or other risk.

All funding provided to LIFE-AR will be covered by a Contribution Agreement to be signed with the Development Partner. The Programme Manager shall review all Contribution Agreements in detail and shall highlight to the Board any terms which are unusual, onerous, or otherwise inconsistent with the aims, ethos or working practices of LIFE-AR.

LIFE-AR shall make every effort to ensure that funding received is not earmarked for a specific purpose and is instead granted to LIFE-AR on a Pooled Fund basis. Where this is not possible, the restrictions on the use of the funding must be set out explicitly in the Contribution Agreement and LIFE-AR Board approval obtained for those restrictions.

All Contribution Agreements shall be signed by the chair of the LIFE-AR Board on behalf of LIFE-AR.

VIII. PROCUREMENT

All procurements shall be initiated through a requisition which commits an amount available in the approved budget and which is recorded in the accounting system as such.

The detailed procedures to follow for each procurement are set out in the **SOP Chapter 4 - Procurement**.

IX. GRANTS

A standard grant agreement developed by LIFE-AR will be used for all grants to National Platforms. The grant agreement will include a requirement to adhere to a set of specified principles.

National Platforms will be subject to an Empowerment Due Diligence to determine their additional resource requirements (if any) and to assess their readiness to receive LIFE-AR funds. The Delivery Partners of the National Platforms which receive direct funding as part of LIFE-AR will also be subject to a similar review.

Further details are set out in **Chapter 3 – Granting Policy**.

X. PAYROLL AND PENSIONS

Secretariat staff will continue to receive their current salaries, pension contributions and other benefits whilst performing roles in the LIFE-AR Secretariat in accordance with the existing HR policies of IIED. This is because the terms of their employment by IIED are not changing whilst they are engaged on LIFE-AR.

The terms and conditions for LIFE-AR staff of the new entity will be determined by the LIFE-AR Board in consultation with the board of IIED in due course once the new legal entity has been established and an appropriate remuneration policy has been developed (taking into account the prevailing market situation at that time and the domicile of the new entity).

The Head of Finance shall ensure that all due net salaries are received by employees by the last working day of every month.

Salary payments (including any gratuities) shall be made by direct deposit to a single designated personal bank account nominated by each employee.

All statutory payments shall be remitted to the relevant authorities as soon as practicable and in any case within the due date period.

XI. INDIRECT COSTS

LIFE-AR shall adopt a methodology to distinguish between two types of cost:

- Direct Project Costs
- Indirect Costs

FCDO has defined Indirect Costs as:

“overhead costs that relate to the overall operations, management and identity of the Delivery Partner rather than to programme services. These costs are necessary for programmes to function although cannot be clearly linked to specific project outcomes and results. Typically, they include overall management and employee costs, administration and support, equipment, space and premises costs, and activities that relate to the whole organisation and partly support your project, but also support your other projects.”

The costs of Workstream 1 will be considered to be Direct Project Costs while the costs of Workstreams 2 and 3 will be considered to be Indirect Costs. Secretariat running costs (including the costs of salaries, office accommodation and other operating expenses) will be allocated according to the functions of the staff involved and other administrative costs will be allocated pro-rata.

The costs incurred in running National Platforms will be considered to be Direct Project Costs.

LIFE-AR's methodology for identifying Indirect Costs will be refined and adapted as the Initiative matures to ensure that the approach adopted best meets the needs of FRCs,

The Indirect Costs of operating the Secretariat will be met from a deduction from all contributions to LIFE-AR from funding providers. The rate of the deduction to cover these Indirect Costs will be calculated by the Programme Manager once the structure of the new legal entity has been confirmed by the Board. The rate will need to be agreed with all funding providers in due course and reflected in their Contribution Agreements with LIFE-AR at that time.

XII. VAT

IIED is registered in UK for VAT purposes and as such complies fully with the relevant statutory requirements. This will not change until LIFE-AR becomes a separate legal entity. At that time, the statutory obligations of the jurisdiction in which the entity is established will be followed regarding VAT (or equivalent) and other taxes.

XIII. TRAVEL EXPENSES

Travel expenses will only be reimbursed if they are in accordance with LIFE-AR's Travel Policy.

XIV. TREASURY MANAGEMENT

1. Banking

The Secretariat shall open separate bank accounts to receive contributions from Development Partners. These accounts shall be denominated in the currencies in which contributions are to be received (expected initially to be Euro, Pound Sterling and US Dollar).

The LIFE-AR Board's approval shall be required for the opening of all bank accounts. Such accounts may be interest bearing.

The LIFE-AR Board's approval shall be required for all signatories to all LIFE-AR bank accounts

LIFE-AR's bankers shall be selected through open competition and their appointment shall be subject to the no objection of the LIFE-AR Board. Bankers must be regulated in the relevant jurisdiction.

No more than the equivalent of £[5m] will be held in any one bank at any one time

2. Bank Reconciliations

The Head of Finance shall ensure that all bank accounts are reconciled to underlying records within one week of the end of each month

3. Foreign Exchange

THIS SECTION WILL BE FURTHER REVISED AS A RESULT OF ONGOING DISCUSSIONS BETWEEN FRCs AND LIFE-AR SECRETARIAT

Foreign exchange presents a significant risk to LIFE-AR. Funds will be received from Development Partners in a range of currencies (initially GB Pounds, Euros, and US Dollars). However, most of the expenditure incurred by National Platforms will be in their national currency. This means that there will inevitably be uncertainty in the total amount which will be made available to the National Platform (in their national currency) as it will depend on prevailing exchange rates. An adverse fluctuation in exchange rates could lead to resources which had been budgeted by a National Platform not being available. This uncertainty will present challenges to FRCs when they are developing their medium-term forecasts,

LIFE-AR may hold funds in any currency and may exchange between currencies as necessary. However, LIFE-AR shall adopt a prudent approach to foreign exchange which shall be done for operational reasons and not for speculative purposes. LIFE-AR shall not engage in hedging or any similar practices.

Contributions shall be held in the currency in which they are remitted until such time as operational requirements mean that they need to be converted into some other currency. LIFE-AR shall seek the best possible exchange rates available from its bankers or other reputable exchange dealers.

LIFE-AR budgets shall be prepared based on cautious assumptions regarding exchange rates to ensure that no unfunded commitments are made.

The accounting for foreign exchange transactions shall be in accordance with standard accounting practice and the requirements of the Development Partners.

4. Investments

The LIFE-AR Board shall approve in advance the investment of any LIFE-AR financial resources other than the depositing of funds into one of the LIFE-AR Board-approved bank accounts.

5. Petty Cash

Payments in cash shall not be permitted except that small payments of cash of up to £250 will be permitted where there is no viable alternative.

6. Cashflow

LIFE-AR will aim to hold net current assets at a level equivalent to the forecast expenditure for the following three months.

The Development Partners will be asked to make contributions in advance of expenditure given that LIFE-AR will have no other significant sources of funds. However, contributions will not be in advance of need.

7. Credit Card

The LIFE-AR Board shall approve the acquisition of any credit card by LIFE-AR and the credit limit for any such card(s).

LIFE-AR credit cards may only be used for official purposes in accordance with a Credit Card Policy.

XV. ASSET MANAGEMENT

LIFE-AR defines a fixed asset as any physical or intangible asset acquired for use by LIFE-AR whose full cost is £500 or more, which can be used in the production or supply of goods or services or for administrative purposes, and which is expected to be used for more than one year.

Fixed assets will be depreciated over the useful life as estimated by the Head of Finance. The estimated useful lives for different categories of fixed asset shall be disclosed in the annual financial statements.

The Head of Finance shall be responsible for establishing and maintaining a register of all fixed assets.

The existence of all fixed assets will be verified by a physical inspection at least annually.

The disposal or writing off of any asset shall be approved by the Head of Finance (up to £5,000), the Secretariat Director (up to £50,000) or the LIFE-AR Board (£50,000 and above). The disposal or writing off of any asset shall be reported to the Board in the Quarterly Financial Report.

XVI. VALUE FOR MONEY

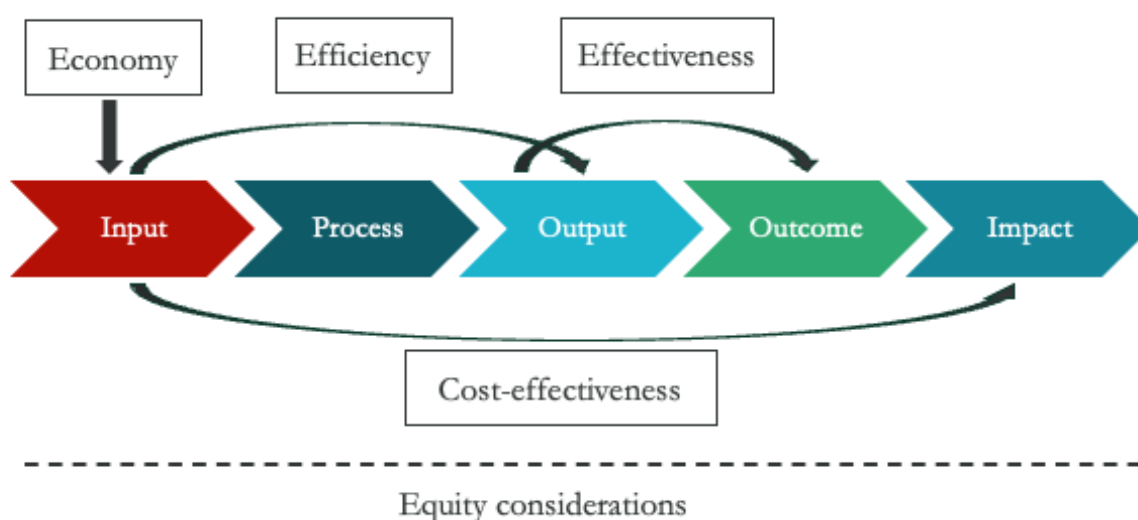
LIFE-AR recognises the importance of achieving good VFM in the use of its resources. VFM is important as resources available to LIFE-AR will be limited and almost certainly insufficient to enable it to do everything it would like. It is therefore essential resources are used wisely and to best effect.

The overarching principal to inform the use of LIFE-AR funds is VFM in its broadest sense. This can be defined as the most advantageous combination of cost, quality, and sustainability to meet the LDC Offer and Ask and Development Partner requirements. In LIFE-AR context:

- cost means not just minimising cost but achieving overarching objectives and values of the initiative alongside ensuring quality and budgetary control.
- quality means meeting a specification which is fit for purpose and sufficient to ensure that the outputs deliver the desired outcome.
- sustainability means economic, social, and environmental benefits in support of the programme.

The specific VFM methodology adopted by LIFE-AR is the following:

Figure 4.5: LIFE-AR VFM methodology



In this methodology, **Economy** means buying the right inputs of the appropriate quality at the right price and at the right time. Inputs are things such as equipment, staff, consultancy services.

Efficiency is a measure of how well inputs are converted into outputs.

Effectiveness is concerned with how well the outputs from an intervention are achieving the desired outcome. A project does not provide good VFM if it is not effective. Projects can be economic and efficient and still not effective.

Cost effectiveness is an overall measure of whether the impact which is achieved is worth the money it has cost. Does it financially make sense when looking at the big picture?

LIFE-AR embraces international good practice and will draw on lessons learned by LDCs and Development Partners. This has informed LIFE-AR's approach to VFM under which LIFE-AR will:

- Promote development effectiveness by ensuring the initiative is LDC-led and that resources are used to build national and local capacity thereby empowering beneficiaries. In particular, LIFE-AR will build upon existing regional processes and pre-existing structures when pertinent rather than create new ones;
- Ensure that each Workplan & Budget sets out explicit VFM objectives and indicators;
- Encourage National Platforms to experiment with different ways of delivering results more cost-effectively;

- Enable coherence to identify opportunities to share costs across projects and with the core activities of the Government.
- Use competitive procurement procedures to secure prices which are fair, reasonable, and defensible;
- Monitor regularly whether National Platforms are likely to achieve their intended outcomes, identify lessons learned, and share good practice across LIFE-AR;
- Reporting regularly to the LIFE-AR Board on a range of KPIs which measure VFM; and
- Giving Internal Audit a specific responsibility to undertake VFM reviews.

Chapter 6: Risk Management Policy

I. INTRODUCTION

The Intergovernmental Panel on Climate Change and Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services have both issued stark warnings: we are running out of time to avoid catastrophic runaway climate change and loss of nature. In the context of rapidly escalating climate risks, we face unique and unprecedented challenges as we work to end poverty and achieve sustainable development. A long-term focus on building resilience is the only way to deliver the SDGs while also averting and addressing large-scale loss and damage.

It is in this context that LIFE-AR will consider risk. The negative impact of climate change is a risk that has already materialised for all LDCs with results that are clear to see. This makes it all the more important that LIFE-AR embraces and manages risk in a responsible way, but not in the traditional business-as-usual way as this has not been working for the LDCs. Action is needed now to mitigate the catastrophic consequences of climate change; LIFE-AR's Risk Appetite will be set accordingly.

LIFE-AR recognises the importance of a robust and effective system of Risk Management. A clear Risk Management policy and process helps in the identification and management of all types of risks and embeds Risk Management into our work. However, this will not be a timid, passive response to risk. Instead, risk will be seen from the perspective of the LDCs and be managed and mitigated in a way to promote an innovative and bold response to climate change which is owned and implemented at the local level.

At the same time, effective Risk Management will protect LIFE-AR from losses (of impact, reputation and financial), support decision-making and facilitate good governance which are all of vital importance for the long-term success of LIFE-AR. This policy sets out LIFE-AR's approach to Risk Management, including allocating roles and responsibilities and outlining the framework for managing risk within the current governance arrangements.

Each National Platform and the Secretariat will review this policy and their Risk Appetite annually and submit any proposed changes to the LIFE-AR Board for approval. The LIFE-AR Board will review this policy and LIFE-AR's and each National Platform's Risk Appetite at least once every three years.

II. RISK MANAGEMENT POLICY

1. Statement

The LIFE-AR Board believes that sound Risk Management is integral to both good governance and good management practice and should be incorporated within strategic and operational plans and processes. However, the LIFE-AR Board will not be afraid to take risks given the scale and urgency of the problems which LDCs already face.

Effective Risk Management will contribute to LIFE-AR's ability to achieve its objectives, by supporting better decision making. Taking appropriate and properly mitigated risks (rather than simply seeking to avoid risks) will facilitate experimentation and the development of innovative solutions, as well as the identification of lessons for all LDCs and taking swift action to adjust approaches where these have been seen to fail.

Risks facing LIFE-AR will be articulated, assessed, and managed in the context of LIFE-AR's vision and principles.

The LIFE-AR Board will review the Risk Register at each of its meetings and will report on LIFE-AR's approach to Risk Management in the annual report.

The LIFE-AR Board is concerned with risks facing the entire initiative including significant risks encountered by National Platforms which may have an impact on the initiative overall. As a result, risk will be considered at various levels: LDCs, National Platform, and Workstreams.

National Platforms and the Secretariat will be expected to comply with this policy. In particular, they will be expected to set their Risk Appetite, develop and monitor a Risk Register, undertake risk mitigating actions and report quarterly on key risks.

2. Risk Management Principles

A. Communication

LIFE-AR and National Platforms are risk aware. Risks are discussed openly and honestly, internally and externally. Risk Appetite is cascaded throughout the LIFE-AR Initiative. LIFE-AR and National Platforms proactively escalate risks and ask partners to do the same, and have a culture in which it is safe to speak up and report concerns, with all parties aiming to avoid surprising other stakeholders. Risk is at the centre of the LIFE-AR and National Platform project management and features regularly in project management meetings at each level of LIFE-AR. This includes Development Partners and LDC governments – ensuring they are kept abreast of risks as they transpire and involve them in the process.

B. Documentation and Evidence

LIFE-AR and National Platforms will make objective risk assessments which draw on independent evidence, consider the perspectives of all stakeholders and are updated regularly. LIFE-AR and National Platforms will also make Risk Management information, including mitigation and monitoring, and lessons learned easily accessible to create a record of decisions and to help manage current and future risks.

C. Professional Judgement

LIFE-AR and National Platforms apply their skills and experience to make sound professional judgements on what are acceptable risks to take in a given context, recognising that risks should be managed by those best placed to do so.

D. Common Language

LIFE-AR and National Platforms shall use common language to avoid misunderstandings.

E. Active management

LIFE-AR and National Platforms manage risk actively in accordance with the Risk Appetite outlined.

3. Roles and Responsibilities

Within the LIFE-AR Initiative, everyone has a responsibility for managing risk to enable the organisation to achieve its objectives.

A. LIFE-AR Board

The LIFE-AR Board receives reports from Committees, and from the Secretariat Director and Secretariat, which include recognition, explanation and escalation of risks. The LIFE-AR Board ensures that LIFE-AR complies with its requirement to make a Risk Management statement in the annual report and to update the risk register quarterly.

The LIFE-AR Board has delegated responsibility for day-to-day Risk Management to the Secretariat, but the LIFE-AR Board retains ultimate responsibility for ensuring that Risk Management is effective within the LIFE-AR Initiative. It does this by:

- Setting standards of conduct expected of staff;
- Setting LIFE-AR's Risk Appetite and reviewing annually;
- Ensuring that the Secretariat Director communicates LIFE-AR's approach to risk to all stakeholders on a regular basis;
- Approving major decisions affecting LIFE-AR's risk profile or exposure; and

- Receiving reports from the LIFE-AR Board Committees, Internal Audit, National Platforms, the business or any other relevant parties and making recommendations for improvement.

B. Risk Committee

The LIFE-AR Board (or a committee duly constituted by the LIFE-AR Board with responsibility for risk) reviews key strategic risks and reviews and assesses the effectiveness of Risk Management arrangements. This review provides the LIFE-AR Board with assurance that controls and mitigations are adequate. It does this by:

- Reviewing on a regular basis LIFE-AR's approach to Risk Management and recommending any changes to the LIFE-AR Board;
- Ensuring the Secretariat annually reviews and monitors the following policies or processes: Reserves; Investment & Foreign Currency; Whistleblowing; Safeguarding; Diversity Equity and Inclusion, Health & Safety; Board Expenses; Granting; Large project approval; Declarations of interest; Complaints;
- Reviewing the LIFE-AR Risk Register prior to LIFE-AR Board meetings;
- Satisfying itself that risks are being actively managed and controlled;
- Commissioning Internal Audit reviews of risk and other related areas;
- Reviewing Internal Audit and External Audit reports;
- Monitoring LIFE-AR's control environment; and
- Other matters delegated to the Risk Committee by the LIFE-AR Board or referred to the Risk Committee by the Secretariat.

C. Secretariat Director and Secretariat

The Secretariat Director and Secretariat are responsible for:

- Ensuring that the Risk Management policy is implemented;
- Ensuring that a culture of Risk Management is embedded in the ways of working of LIFE-AR;
- Ensuring that adequate policies, processes and procedures are in place in their area(s) of responsibility to support effective Risk Management and that appropriate measures have been established to detect non-compliance;
- Providing induction awareness and training on Risk Management and on incident reporting protocols (including awareness of the protection afforded to whistle-blowers);
- Anticipating and considering emerging risks;
- Ensuring that risks are identified, evaluated and managed and included on the LIFE-AR risk register;
- Workstream Leaders are accountable overall for risk in their areas of responsibility and the Senior Project Manager manages the risk register;
- Embedding effective processes for Risk Management across the LIFE-AR Platform; and
- Providing regular and timely information to the LIFE-AR Board on the status of risks and their mitigation.

D. National Platforms

The senior executive for each National Platform is responsible for:

- Ensuring that this policy is implemented throughout the National Platform;
- Ensuring that a culture of Risk Management is embedded throughout the National Platform;
- Ensuring that adequate policies, processes and procedures are in place in their area(s) of responsibility to support effective Risk Management;
- Anticipating and considering emerging risks;
- Ensuring that risks are identified, evaluated and managed and included on the organisational risk register. They should ensure that all programmes and projects consider risks as part of their procedures and embed effective processes for Risk Management within their teams;

- Carrying out reviews of institutional change initiatives and major projects and implement learnings; and
- Providing regular and timely information to their Governing Body and to the LIFE-AR Secretariat on the status of risks and their mitigation.

E. Staff of the LIFE-AR Platform

All staff are responsible for:

- Managing day to day risks as part of their normal practice. Everyone has a role in identifying and escalating risks and for implementing actions when these have been agreed;
- Ensuring that they understand LIFE-AR policies and procedures and the role these play in helping LIFE-AR to manage risk and achieve its objectives;
- Ensuring that they are aware of how to report concerns regarding wrongdoing;
- Complying with LIFE-AR policies and procedures; and
- Escalating any concerns in a timely manner through designated lines of reporting.

4. Risk Appetite

The Governing Body of LIFE-AR and each National Platform is responsible for setting their Risk Appetite and risk tolerance within which decisions and mitigation plans relating to risk are framed.

The LIFE-AR Board and each National Platform recognises that risk is necessary for LIFE-AR to have an impact, and considers that in many cases, taking risks which are clearly understood and are actively managed is in line with LIFE-AR's values. The LIFE-AR Board and each National Platform will also take into account the significance of the impact which LIFE-AR is seeking to achieve and the consequences of the counter-factual of "doing nothing". There are, however, some matters for which neither the LIFE-AR Board nor National Platforms will accept any risk, such as safeguarding.

The LIFE-AR Board and National Platforms will consider their Risk Appetite annually in March for the year ahead (or such other point in time as is considered appropriate). Current Risk Appetite statements are included in the Risk Register Excel workbook, for ease of reference when updating the risk registers, and a model is attached as Appendix A to this policy. The Risk Appetite for each risk category will be set according to a five-point scale:

- Averse (avoid risk)
- Minimal (take risk but with major mitigation actions)
- Cautious (take risk in a considered way to avoid significant adverse impact)
- Open (take risk if expected reward warrants, within limits)
- Eager (take risk if expected reward warrants, unconstrained by limits)

The LIFE-AR Board and each National Platform expects to have sight of risks and related controls through routine reporting so that it can be assured that risks are proportionate and are managed over time.

5. Risk Management Tools

LIFE-AR and each National Platform uses the following tools to manage and monitor risk:

- Risk matrix: the rating for risks in relation to their probability (likelihood) and impact
- Risk register: institutional risk register for strategic and business risks;
- This policy;
- Process: In relation to risk, LIFE-AR and each National Platform follows a process of (1) identification; (2) assessment; (3) response; (4) monitoring; and (5) reporting;
- Risk Appetite Statements: assessments of Risk Appetite in relation to the categories of risk as determined by the Secretariat, the LIFE-AR Board and each National Platform.

III. RISK MANAGEMENT PROCESS

Figure 6.1:



Step 1: Identification

Risk identification is carried out:

- For new grants to National Platforms, risks will be identified and assessed as part of the Empowerment Due Diligence process;
- During the life of grants as the activities they support are implemented, Workstream Leads within the Secretariat will work with FRC Focal Points to identify emerging risks;
- For Secretariat functions, in response to, for example, legal or regulatory changes;
- Following ‘lessons learned’ exercises;
- In response to an unforeseen Incidents, especially where it involves a breach of control; and
- As part of usual updating of risk registers and through risks that are raised at regular team meetings at both the Secretariat and National Platform levels.

It can be helpful to write a ‘risk statement’ so that it is clear about the difference between the risk event, the cause and the consequence:

“Because of [risk cause], [risk event] may occur, which would lead to [consequence].”

Risks are assigned a category to assist in defining the type of risk and which team may be responsible for mitigating actions.

The category used may indicate where internal control/processes should be implemented or strengthened in order to reduce the likelihood or impact of a risk occurring.

Examples of risk categories for LIFE-AR are provided in Appendix B together with some indicative risks for each category.

Step 2: Assessment

Risks are assessed for their probability and impact using the following matrix:

Impact	High	5	5	10	15	20	25
		4	4	8	12	16	20
	Medium	3	3	6	9	12	15
		2	2	4	6	8	10
		1	1	2	3	4	5
	Low						
			1	2	3	4	5
			Low	Medium		High	
			Probability				

Impact Definitions:

1 = Insignificant: no impact on service/finance/reputation, complaint/litigation unlikely

2 = Minor: slight impact on service/finance/reputation, complaint/litigation possible

3 = Moderate: some service disruption/loss, adverse publicity can be managed, complaint or litigation probable

4 = Major: service disrupted/major loss, some adverse publicity cannot be avoided, complaint or litigation likely

5 = Extreme/catastrophic: service disrupted for considerable period, financial loss threatens financial viability, major adverse publicity (nationally), resignation of senior management/board, loss of public/political confidence

The probability and impact of risks should be assessed before mitigation (the “raw” risk) and after mitigation (the “residual” risk).

Step 3: Response

LIFE-AR and National Platforms can respond to a risk in a number of ways:

- Accept the risk, particularly if low probability and/or impact;
- Transfer the risk, for example through the use of insurance;
- Mitigate by taking action to control, e.g. policies, training. This may also include using existing national mechanisms, such as the “Office of the Auditor General” (or equivalent) in the case of finance; or
- In extreme cases, it may be decided that the probability and impact are so high that the risk cannot be accepted such that the associated activity or grant cannot continue.

Mitigation of risk will be in line with LIFE-AR’s Principles and will be, as far as possible, in a Business Unusual way. Where risks are identified innovative responses will be developed which build on the empowerment and whole-of-society approaches which are at the heart of LIFE-AR.

Each risk will have an owner allocated, who is responsible for implementing the agreed response and reporting on progress.

Step 4: Monitoring

Regular reviews of risk registers should be carried out during the life of all significant grants.

The Secretariat and each National Platform will review their risk register on a quarterly basis in advance of meetings of the Governing Body's Risk Committee (or equivalent) and the risk owners provide updates prior to the Risk Committee meeting.

Step 5: Reporting

The following Risk Management reports should be provided:

- LIFE-AR Board: the LIFE-AR Risk Register is presented to each quarterly meeting of the Risk Committee. The Risk Committee chair will then report to the subsequent meeting of the LIFE-AR Board with a summarised risk register providing a commentary on significant risks and their trajectory.
- Focal Points will present their risk register to their Governing Body each quarter together with a commentary on significant risks. These reports will also be shared with the Secretariat for consideration by the Programme Manager and the Workstream 1 Lead to ensure that appropriate risks are incorporated into the overall LIFE-AR risk register and escalated as needed.
- The Annual and Bi-annual Reports provide an overview of LIFE-AR's approach and key risks identified.
- Serious Incident Reports will be submitted to Development Partners, agencies and regulators (as applicable) and the LIFE-AR Board.
- High risks which score 10 or more (i.e., "orange" and "red" risks) must be tracked regularly by the either the Secretariat or the Focal Point and must be commented on explicitly in the Quarterly Finance & Risk Report (for both the Secretariat and the National Platform).

See SOP **Chapter 8: Reporting** [\[Link\]](#) for more details.

Chapter 7: Audit and Compliance Policy

I. INTRODUCTION

LIFE-AR believes that strong audit and compliance functions are essential to provide comfort to stakeholders by strengthening internal controls and making it more likely that LIFE-AR will achieve its ambitious objectives. LIFE-AR will seek to follow international best practice in these areas as a key part of its risk management approach (see **SOP Chapter 6: Risk Management** for more details).

LIFE-AR recognises and accepts the importance of having effective internal and external audits of its operations to provide assurance to stakeholders, to manage risk, to protect its asset, and to help improve its performance.

In doing so, LIFE-AR shall follow all statutory requirements, recognised auditing standards, and international best practice. In addition, LIFE-AR shall cooperate constructively with internal and external audit and shall respond positively to their findings and recommendations.

LIFE-AR will also actively seek to comply with all relevant legislation, regulations and applicable internationally recognised standards, as well as all internal policies and procedures. This will help to ensure that LIFE-AR protects its staff, its assets and its stakeholders. LIFE-AR will establish procedures to ensure that instances of non-compliance are identified in a timely manner and that corrective action is taken.

II. INTERNAL AUDIT

The Secretariat Director shall ensure that there is an effective Internal Audit of all LIFE-AR activities to help the LIFE-AR Board and management protect the assets, reputation and sustainability of LIFE-AR, and to improve its operations by providing an independent, objective assessment of the adequacy and effectiveness of LIFE-AR's internal control environment. This requirement will be triggered when the annual expenditure budget reaches £20m or earlier if the LIFE-AR Board considers that the complexity of the initiative warrants the establishment of an Internal Audit function.

The Internal Audit function may be provided in-house or contracted to an external provider; decisions about the mode of delivery will be made once there is greater clarity on funding levels, taking into account the need to achieve good Value for Money (VFM). Initially, when annual expenditure is low, a comprehensive Internal Audit function may not be necessary, but as expenditure increases it will become a vital part of the control framework, often referred to as the "third line of defence". In the meantime, the Secretariat will conduct occasional reviews, possibly supplemented by seeking additional reassurance from its external auditor, until annual expenditure on the programme exceeds £20m at which point formal provision of an Internal Audit unit will be implemented (either in-house or contracted out). The unit shall be led by the Head of Internal Audit. Before this threshold is met, the current Secretariat host will provide internal audit services to LIFE-AR.

The authority and responsibilities of the Internal Audit unit along with details of how it will operate are set out in the Internal Audit Charter (attached as Appendix A). The Internal Audit Charter (and any subsequent revisions) shall be required to be approved by the Board.

The Head of Internal Audit shall develop an Annual Audit Plan which shall be submitted to the LIFE-AR Board for approval. The Annual Audit Plan should set out:

- The scope of each audit review for the year;
- Resource requirements for each audit; and
- Timelines for each audit.

The LIFE-AR Board may commission a review by Internal Audit of any aspect of LIFE-AR's operations at any time.

The Head of Internal Audit shall have authority to review and assess the working of all internal controls, compliance with LIFE-AR policies and procedures, compliance with statutes, regulations and best practice standards, risk management, and the value for money achieved in the use of LIFE-AR resources.

The Head of Internal Audit shall report directly to the LIFE-AR Board (but to the Secretariat Director for administrative purposes). The Head of Internal Audit may raise concerns directly with the LIFE-AR Board on any matter including the adequacy of resources provided to Internal Audit, management response to any audit issue, and suspicions of fraud and corruption.

The Internal Audit arrangements of National Platforms and Delivery Partners will vary according to their size, context, legal status, and national requirements. The way in which each will provide Internal Audit will be outlined in the National Platform Operating Procedures Manual.

III. EXTERNAL AUDIT

Once LIFE-AR is established as a separate legal entity, the LIFE-AR Board (or Members or Trustees if a different legal structure is selected for the new independent entity) shall appoint a reputable and suitably qualified External Auditor in accordance with relevant national legislation, International Auditing Standards and international best practice.

The External Auditor shall be selected through an open competitive process in accordance with the **SOP Chapter 4: Procurement**. Bids shall be sought against ToRs which have been approved by the LIFE-AR Board. The bid evaluation process shall be overseen by an evaluation panel that includes the chair of the Audit Committee amongst its members.

The External Auditor shall serve for a continuous period not exceeding six years (which may be made up of shorter periods which are renewed subject to performance).

The Audit Committee shall:

- Approve the terms of engagement and the remuneration to be paid in respect of audit services provided by the External Auditor;
- At the start of each annual audit cycle, ensure that appropriate plans including the Annual Audit Plan, are in place for the audit;
- Review, with the External Auditor, the findings of their work;
- Report to the LIFE-AR Board on the findings of the audit of the annual financial statements, in particular any matters mentioned in the auditor's opinion and any recommendations contained in the auditor's management letter; and
- At the end of the annual audit cycle, assess the effectiveness of the audit process.

The terms of engagement of the External Auditor shall be set out in an engagement letter (or equivalent) which shall include:

- The objective of the audit of financial statements;
- Management's responsibility for the financial statements;
- The scope of the audit, including reference to applicable legislation, regulations, or pronouncements of professional bodies to which the auditor adheres;
- The form of any reports or other communication of results of the engagement;
- The fact that because of the test nature and other inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that even some material misstatement may remain undiscovered;
- Confirmation of unrestricted access for the External Auditor to whatever records, documentation and other information requested in connection with the audit; and
- Management's responsibility for establishing and maintaining effective internal control.

The Head of Finance shall prepare draft annual financial statements within two months of the close of the respective financial year.

The annual financial statements shall comprise an income statement, a statement of financial position, a statement of cash flows for the year, accounting policies, detailed notes, supporting schedules, and other disclosures or content required by statute, by IFRS, or by the LIFE-AR Board.

The External Auditor shall present their audit opinion and a management letter to the LIFE-AR Board (and any annual general meeting (or equivalent)) within six months of the close of the respective financial year.

The LIFE-AR Board (or equivalent depending on the final legal structure) shall receive and approve the audited annual financial statements.

The Secretariat Director shall report quarterly to the Audit Committee on progress with implementing any recommendations made to date by the External Auditor.

Each National Platform shall commission an external audit of its annual financial statements in accordance with applicable legislation, the legal status of the National Platform, and local practice. Details of the external audit arrangements must be given in the National Platform Operating Procedures Manual.

IV. DEVELOPMENT PARTNER-COMMISSIONED ASSESSMENTS

Development Partners may commission a due diligence assessment (or similar) of LIFE-AR to ensure the adequacy of LIFE-AR's system, procedures and control environment before signing a Contribution Agreement and periodically thereafter. LIFE-AR shall cooperate fully with any such assessments.

In accordance with their Contribution Agreements, Development Partners may also reserve the right to commission an audit or other review of any aspect of LIFE-AR's activities at any time. LIFE-AR shall cooperate fully with any such audits or reviews.

The Secretariat Director shall report to the [Audit Committee] quarterly on progress with implementing recommendations made by Development Partners following any assessments, audits or reviews they have commissioned.

V. COMPLIANCE

LIFE-AR manages public funds. Breaches of the policies that underpin the successful delivery of LIFE-AR's objectives (e.g. anti-bribery, safeguarding, health and safety and social and environmental protections) can jeopardise LIFE-AR's reputation, and its success and future funding to FRC's.

Compliance not only imposes responsibilities but also protects the reputation and the rights of LIFE-AR's stakeholders.

Robust compliance is not about box ticking. It requires a culture of respect for the importance of compliance to the success of LIFE-AR.

LIFE-AR will deliver its objectives in an honest, ethical and legally compliant manner in accordance with its values and the Code of Conduct.

LIFE-AR is committed to acting fairly and with integrity in all its business dealings and relationships, including in relation to its environmental and social responsibilities. LIFE-AR will not allow unfair, inequitable or biased behaviours to develop because of conflicts of interest and it will manage its activities to avoid such Conflicts of Interest arising.

LIFE-AR confirms that it:

- Upholds and complies with all laws and regulations relevant to its activities;
- operates in accordance with its Articles of Association and SOP;

- clearly sets out its responsibilities, and those of its employees, grantees, and subcontractors, in observing and upholding its values in compliance with legislation, regulations, environmental and social safeguarding standards, and ethical conduct;
- implements and enforces effective systems to require compliance with its legal and regulatory obligations and its environmental and social safeguarding standards;
- proactively seeks to identify and prevent unlawful or unethical behaviours through auditing, assurance reviews and training;
- takes prompt action to respond to any actual or potential unlawful or unethical conduct including by implementing corrective actions;
- where such potential non-compliances include fraud, bribery or corruption, ensures that these are investigated by the Internal Audit unit (or by an external firm commissioned for the purpose); and
- proactively avoids conflicts of interest by means of appropriate awareness, practice and guidance.

LIFE-AR will appoint a Head of Compliance when the annual expenditure budget reaches £20m (this role may be combined with one or more other roles) to ensure that this policy is implemented, and that LIFE-AR does everything it reasonably can to ensure full compliance with all relevant legislation, regulations and applicable standards. The Head of Compliance shall provide advice to the Secretariat on emerging compliance requirements and on the necessary action to meet them.

Once the expenditure threshold has been met, the Head of Compliance shall also undertake a programme of compliance reviews to assess compliance in key areas. These reviews shall be undertaken in collaboration with the Head of Internal Audit (or the internal audit function of the current host of the Secretariat) and the External Auditor to ensure that LIFE-AR achieves maximum benefit from a combined assurance approach to managing fiduciary risks.

Currently the key rules which each entity involved in LIFE-AR shall comply with are as follows:

- The SOPAll applicable legislation (including employment legislation, safeguarding legislation, modern-slavery legislation and data protection legislation).
- Contribution Agreements with Development Partners (if applicable);
- Environmental and Social Standards (See Appendix B);
- International Financial Reporting Standards;
- International Auditing Standards; and
- International Aid Transparency Initiative (IATI).

National Platforms and Delivery Partners which receive LIFE-AR funding must submit an “Annual Certificate of Compliance” to the Secretariat. The aim of the Annual Certificate of Compliance is to strengthen platforms and to resolve any non-compliance. This Annual Certificate of Compliance shall confirm that the entity has complied in all material aspects with the terms and conditions of the Grant Agreement including compliance with the applicable sections of the SOP or explain any non-compliance. National Platforms may justify their non-compliance in some areas by the use of “bottom-up” accountability, such as through the use of radical transparency and citizen audit/engagement.

If the Governing Body of the relevant entity identifies any areas of the SOP that could be improved, the Governing Body should identify these to the Secretariat so that lessons learned can be incorporated into the SOP.

The Annual Certificate of Compliance shall generally be in the format shown in Appendix C and shall be submitted to the Grantor within one month of the end of each financial year. Failure to submit the Annual Certificate of Compliance on time or the identification of significant non-compliance may lead to the suspension of further disbursements. The Annual Certificate of Compliance will be kept as simple as possible and will take into account the audit (both Internal and External) and compliance arrangements of the entity concerned as well as any business unusual approaches which have been adopted which perform similar functions.

Chapter 8: Reporting Policy

I. INTRODUCTION

1. Background

LIFE-AR's approach to MEL marks a fundamental shift away from business-as-usual approaches to a more effective way of working under Business Unusual which is a bespoke approach to strengthen systems, tailored to build on what countries already have. LIFE-AR's approach to reporting, which is a key element of the MEL approach, will be to ensure that it is not a top-down exercise but is led by LDCs. The approach will be tailored to the domestic needs, priorities, and capabilities of the LDCs but also to the aim of promoting peer to peer knowledge and learning.

LIFE-AR intends that its MEL Strategy will support the development of performance standards and transparency and accountability mechanisms at country level, working with accountability and transparency institutions to track value for money, adaptation effectiveness, transparency of planning and governance systems and to keep LIFE-AR on track in line with the principles, ask and offer. National level LIFE-AR MEL will be designed within the existing in-country MEL and reporting systems, contributing to national climate priorities, national reporting and reporting on global frameworks including the SDGs, the Paris Agreement commitments, and the Convention on Biological Diversity.

Investing in processes that enable inclusive stakeholder progress reviews to actively learn and adjust will enable adaptive management by the frontrunners, that feed into LIFE-AR Platform oversight and support, ensuring the LIFE-AR Board is able to support flexibility while keeping high standards for cost control and effectiveness.

LIFE-AR recognises that reporting is important to ensure accountability and for evidence based decision-making and adaptive management. However, it also recognises that reporting requirements may add significant administrative burden and therefore aims to keep reporting requirements to a minimum whilst ensuring the requirements mentioned above are met.

The overarching LIFE-AR MEL framework will be grounded in the LIFE-AR Strategy and LDC 2050 Vision, and led by the LDC Group, LIFE-AR Board and Front Runner Countries. The MEL framework will consist of two complementary levels of reporting: a Platform-level system and country-level systems. Reporting will be done through four main processes, with frequencies outlined in Table 1 (which is included in the **LIFE-AR MEL Plan**: [\[LINK\]](#)).

2. Principles for reporting

Radical transparency: in line with the LIFE-AR Transparency Policy [\[Link\]](#), LIFE-AR will publish as much information about its activities as possible whilst recognising that some information cannot be published, for example when it is personal or commercially confidential. Even where information cannot be published, it will still be available to the LIFE-AR Board should they need to see it (subject to confidentiality or applicable legislation, such as data protection legislation).

Minimum burden: reporting will only be required when necessary and will be done in the simplest way possible so as to minimise the burden on the National Platforms and help ensure that effort is not diverted away from activities which have greater impact.

Unified reporting: LIFE-AR will publish a single set of reports in a standard format for the LIFE-AR Board and all Development Partners. It will not publish separate reports for individual Development Partners and will avoid unnecessary detail and complexity.

Comprehensible: LIFE-AR reports will be presented in a format which is clear and comprehensible. This means that presentation will be interesting and simple with the extensive use of diagrams. The language used will be simple, acronyms explained, and jargon avoided.

Timely: LIFE-AR reports will be published according to a laid down timetable to ensure that information is still relevant and useful.

Informative: reports will include analysis which interprets the figures presented so as to assist readers' understanding.

3. Reports required

The regular reports which are required under the LIFE-AR MEL framework are set out in Table 1.

In addition, the Secretariat and National Platforms will be required to prepare annual financial statements, which are required to be audited. There may also be a need to submit ad hoc reports under specific circumstances, such as suspicion of fraud.

The following sections outline the contents and timing of these reports and the Appendices give the templates to be used.

Table 8.1: Reporting processes and frequency under the LIFE-AR MEL framework

Types of reporting	Levels	Quarter 1	6-month report	Quarter 3	Annual report
Activity-level report	Platform & Countries		✓		✓
Finance & risk updates	Platform	✓	✓	✓	✓
	Country	✓	✓	✓	✓
Annual outcome-level report	Platform & Countries				✓
Learning exercises	Platform & Countries				✓

II. QUARTERLY FINANCE & RISK REPORT

Financial reporting and risk updates at both National Platform and country levels will be prepared on a quarterly basis to ensure there is sufficient tracking of fast-changing contexts and risks, allowing adaptive management with budget adjustments.

The Quarterly Finance & Risk Report should include:

- A table showing actual expenditure in the quarter and year to date compared to the budget for the same periods. The expenditure and budget figures should be presented in the same level as detail as the budget approved by the LIFE-AR Board.
- A narrative explanation of all budget variances which exceed +/-10% of the original budget and which have a value greater than £10,000.
- A section outlining the “Red” risks shown in the Risk Register as updated at the end of the quarter together with an outline of the proposed mitigating actions.
- A list and explanation of all LIFE-AR funded assets (both physical and financial) which have been written off during the quarter (they may be written off because they have been lost, will no longer be used, or, in the case of debts, can no longer be recovered).
- A list and explanation of all contracts and grants which have been awarded non-competitively during the quarter.

The template for the Quarterly Finance & Risk Report for National Platforms is attached as Annex B.

The template for the consolidated Quarterly Finance & Risk Report for National Platforms² is attached as Annex C.

Each National Platform should submit their Quarterly Finance & Risk Report to the LIFE-AR Secretariat *within three weeks of the quarter end*.

The LIFE-AR Secretariat will prepare a consolidated Quarterly Finance & Risk Report *within four weeks of the quarter end*.

The consolidated reports will be presented to the LIFE-AR Board at its next meeting and will be used to report to Development Partners (including in support of disbursement requests).

III. SIX-MONTHLY ACTIVITY REPORT

Activity reporting will be done every six months, focusing on activities and outputs along with a narrative account of changes in contexts and risks. This six-monthly reporting on activities is planned to avoid imposing a reporting burden on countries in line with the principles of the partnership compact.

[MORE INFORMATION TO BE INCLUDED ONCE WE HAVE HAD DISCUSSIONS WITH THE M&E TEAM]

IV. ANNUAL REPORT

The annual report, to be submitted after quarter 4 of LIFE-AR’s financial year (the quarter ending 31 March), will additionally include narrative responses on progress towards the LDC Offer and Ask as outcomes, along with annual initiative wide (or transversal) learning questions (see below). The LIFE-AR Board meetings and LDC-Donor Dialogues provide an opportunity for both LDCs and Development Partners to jointly share progress and learning on achievement of the LDC 2050 Vision and the LDC Offer and Ask, in line with the Partnership Compact. Quantitative reporting on outcome indicators will be introduced in future years, although this would be explored with country stakeholders before coming to the LIFE-AR Board for a decision.

The timing for annual reporting at country levels will need to be aligned with national reporting timeframes so that LIFE-AR is able to contribute to other reporting processes. This will be reviewed across front runner

country reporting timelines to assess how it can be aligned with LIFE-AR financial year. This reporting schedule and content can be reviewed and adjusted over the initiative.

[MORE INFORMATION TO BE INCLUDED ONCE WE HAVE HAD DISCUSSIONS WITH THE M&E TEAM]

V. ANNUAL FINANCIAL STATEMENTS

The LIFE-AR and National Platforms will likely need to produce annual financial statements to comply with relevant national legislation and/or regulations. The details of the requirements will vary according to the precise legal status of the entity and the jurisdiction in which it is located. Some National Platforms may be part of a larger legal entity such that their income and expenditure and financial position are included in the published annual financial statements of that entity.

Annual financial statements of all LIFE-AR entities should comply with International Accounting Standards.

The annual financial statements must be audited by a competent external auditor appointed by the LIFE-AR Board or relevant governing body for each National Platform in compliance with applicable national legislation and/or regulations. LIFE-AR requires that the external audit of all annual financial statements of LIFE-AR entities complies with the International Standards on Auditing.

As a minimum, the annual financial statements should include:

- Balance sheet
- Income and expenditure statements
- Notes to the accounts
- Accounting policies
- Auditor's opinion
- Any other information required by legislation or by International Accounting Standards.

The annual financial statements must be audited and approved by the Governing Body of the reporting entity.

The audited annual financial statements for each National Platform should be submitted to the Secretariat within six months of the end of the relevant financial year.

The audited annual financial statements for the LIFE-AR Platform will be submitted to the LIFE-AR Board within six months of the end of the relevant financial year.

VI. AD HOC INCIDENT REPORTS

There will be occasions when particular incidents need to be reported outside of the usual reporting cycles. These ad hoc reports will need to be made when information or allegations come to light regarding:

- Fraud, corruption, or other wrongdoing (such as allegations of corruption in the award of contracts or the falsification of an expense claim)
- Safeguarding incidents (such as allegations of sexual harassment or racial abuse)
- Environmental incidents (such as the negative environmental impact of a building project)
- Health and safety incidents (such as an accident in a National Platform office in which a member of staff is injured)

Management may become aware of these incidents through a number of channels including:

- Usual management reporting
- Whistle-blower reporting
- Internal Audit investigation
- Expenditure verification exercises

Once a National Platform or anyone in the LIFE-AR Secretariat becomes aware of an incident, they need to submit a report using the template shown in Annex F. The report must be submitted to the Head of Internal Audit within 48 hours of the allegation or information coming to the attention of management. The Head of Internal Audit shall report all such cases to the LIFE-AR Board the next working day.

The report should set out the available information about the incident and the proposed course of action to be taken. All incidents must be tracked until they are closed when they reach a logical conclusion. Until they are closed, a quarterly update must be submitted to the Secretariat setting out the current status of all open incidents (except for cases in which the Secretariat is implicated in which case the report should be submitted to the chair of the LIFE-AR Board). The quarterly status updates will be submitted to the LIFE-AR Board for information.

VII. REPORTS TO DEVELOPMENT PARTNERS

Some Development Partners may require specific reports as a condition for making contributions to LIFE-AR (in addition to the standard, common reports referred to in the previous sections of this Chapter).

It will be important to identify these additional requirements *before* any Contribution Agreement is finalised so that LIFE-AR can consider the level of effort required to meet these additional demands and, where these are considered excessive, seek to negotiate exemptions.

Where additional requirements are agreed, there will need to be careful tracking of reports issued outside of the usual cycle to ensure that there is full compliance with what has been agreed with Development Partners. The Secretariat and National Platforms will track the time and cost of these additional compliance requirements so that these can be reported and, where necessary, negotiations held with Development Partners to determine whether they can be reduced.

Chapter 9: Communications and Engagement Strategy

I. SITUATIONAL ANALYSIS

LIFE-AR represents a vital initiative, LDC-owned and LDC-led. It has a clear, inspiring, and compelling purpose, spelt out in the LDC 2050 Vision. Innovation in ‘business unusual’ ways of working aims to be transformative and to drive ambitious, inclusive, and more effective climate action across society. It will show international actors what is possible. LIFE-AR brings together LDCs and development partners to progress ‘business unusual’ as part of a shared LDC 2050 Vision, working through strong equitable partnerships.

The COVID pandemic created challenges in communicating with stakeholders and caused delays in the initial set up of the LIFE-AR Initiative, both at the national and global level. Communication on the intentions of LIFE-AR and engagement of stakeholders around LIFE-AR’s objectives is central to the approach and is more vital than ever given these early challenges. But there is uneven communication capacity, and no one is clearly coordinating communication efforts to provide a hub for LIFE-AR messaging and support the LDCs’ ambitions on radical transparency.

There is significant political will in the FRCs. The LDC Group is well connected to decision makers and influencers both in country and internationally, so the potential for change and for getting more countries and climate finance providers committed to the vision and to the innovation in ‘business unusual’ is strong. This cannot be taken for granted however, and a communications strategy that provides consistent, compelling communications, builds engagement and relationships, allows all stakeholders to track progress at every level and signals the difference in practice that the innovation in business unusual will make across society, is much needed. This Communications and Engagement Strategy will also link with key LIFE-AR strategies including the fund-raising strategy in development.

Innovation and learning from ‘Business Unusual’ ways of working will help shift to:

- LDC- and community-led climate programmes with inclusive governance and decision making
- Long-term (ten-year-plus) programmes that effectively build climate resilience
- Multi-sectoral integrated approaches across whole-of-society (government, civil society, private sector, academia, and communities)
- Maximising finance to the local level, ensuring at least 70% reaches local communities, and
- Engaging and building the capabilities of national and local LDC institutions, to retain skills and knowledge within countries.

II. OBJECTIVES

1. **Political buy in to business unusual approaches** Deepen understanding in FRCs of the value of innovation in ‘business unusual’ ways of working to deliver impact in strengthening the climate resilience of societies, economies and ecosystems.
2. **Engaging and influencing** Drawing insights from the innovation in LIFE-AR, build understanding and influence the practices of development partners and wider climate finance providers to commit to the ‘business unusual’ way of working, applying the principles both to the way they operate and to their external strategies and interactions.
3. **Communicate and learn from each other** Strengthen internal communications within the Partnership Compact so that all members are kept informed of each other’s progress in implementing

the LDC Offer and Ask and of engaging with international partners, for the purposes of peer-to-peer learning to strengthen climate action

4. **Radical transparency for 360 accountability** Strengthen radical transparency throughout LIFE-AR through communications content and activities to build both upward and downward accountability between communities and the LIFE-AR Board as well as other key stakeholders.

III. COMMUNICATIONS STRATEGIC APPROACHES

Deeper analysis of stakeholders to inform interactions Once stakeholders have been identified against all four objectives, analysis of their characteristics will be done to inform the communications approach. A power and interest mapping and then a champions/blocker mapping will help with prioritising stakeholders in terms of influence and whether they can be brought on board as champions and allies or may represent a threat or barrier to change. It will help to clarify how knowledgeable they are and how they might use that knowledge. These mappings can sometimes reveal that not all powerful stakeholders support an objective wholeheartedly, and therefore specific communications and engagement tactics are needed.

Not only ‘broadcast’ but listening as well. A balance will be struck between ambition and what is possible with available resources but both push and pull elements (communications and engagement) will be deployed to achieve all four objectives. Each objective has a specific set of stakeholders and with objective 1 particularly, the approach and messaging will be specifically tailored to each stakeholder group in front runner countries.

Embed messages at every level There are already clear messages coming out of LIFE-AR in relation to the LDC Ask and Offer to particular audiences. These will be socialised at every level.

At international level, development partners who have signed up to the LIFE-AR 2050 Vision and the innovation of the ‘Business Unusual’ approach will be used deliberately as champions to reach peer networks with messaging and encourage more commitment.

The communications teams in FRCs will be encouraged to take this strategy forward among their stakeholders, building on work they are already doing and taking note of good practice case studies and lessons so that they can show the value of this approach, reinforcing political buy in to business unusual approaches and championing them.

Active and ongoing strategy management Because all four objectives are big in their ambition, there will be strong oversight of this communication strategy by a communications specialist, to manage progress against each objective, facilitate peer-to-peer learning across the teams contributing to each objective and making sure effort is not duplicated. These four objectives are all interlinked and activities under one will support activities in another: country impact case studies that draw out community experiences under Objectives 1 and 4, for example, can be used to support engagement with international institutions under Objective 2. The manager of the communications strategy will create opportunities to join up work and learning across the whole strategy, organising regular check-ins to bring together the teams responsible for each objective. They will make sure that a strong connection is made between community-level stakeholders and those operating at the global governance level - the aim of Objective 4.

IV. KEY AUDIENCES

The audiences mentioned here will also be checked against the main LIFE-AR Strategy to make sure all stakeholders mentioned in that are included here.

Objective 1- Political buy in to business unusual approaches Within each frontrunner country: bilateral development partner agencies, government ministries, departments of ministries and other government bodies at national and local level, civil society and faith-based organisations; service delivery partners; local communities; academia and think tanks and media, tech and communication organisations; country offices of bilateral development partners who have committed to the Partnership Compact

Objective 2 - Engagement and influence Climate finance providers (contributors) such as multilateral financial institutions, climate funds, bilateral Development Partners and progressive philanthropies and

foundations as well as other LDCs, the National Adaptation Plan Global Network, UNFCCC LEG, LoCAL and wider international initiatives

Objective 3 - Communicate and learn from each other Partnership Compact signatories, LIFE-AR Board and Technical Working Group members and Secretariat as well as other LDCs, the National Adaptation Plan Global Network and wider international initiatives

Objective 4 - Radical transparency for 360 accountability: Communities in LDCs where LIFE-AR is operating, Partnership Compact signatories, LIFE-AR Board, National Platform and finally, LDC citizens and their development partner counterparts

V. TACTICS

Objective 1 - Political buy in to business unusual approaches - will be achieved through country-based plans prepared by government communications teams. FRCs that have already developed a LIFE-AR communications strategy or have a similar communications plan already in place, can build upon and utilise these existing plans, adding new elements or updating where necessary, to bring these existing plans in line with this strategy and LIFE-AR principles, to avoid duplication and minimise burden. The audience types in this objective will be broad so messaging, tactics, opportunities and supporting content, will need to be tailored and wide ranging, and will depend on whether a stakeholder is at national or local level.

It will be important to get the FRCs' communications teams together regularly to discuss the general approach and opportunities for peer-to-peer country learning.

As part of country strategies, the group of donors that have signed up to the Partnership Compact will be encouraged to act collectively to move forward innovation in 'business unusual' ways of working.

Objective 2 - Engagement and influence – will be achieved through conversations and presentations at global governance events, meetings and regular updates on frontrunner and development partner progress using evidence from implementation. It will be as much about relationship building and listening and responding to doubters – there is a reason that not all partners have committed to the LDC 2050 Vision.

The Secretariat will produce some standard 'broadcast' content e.g., slide-deck to use in engagement opportunities. The LDC Offer and Ask is already in place so as soon as possible, evidence of the impact of this 'Business Unusual' approach will be developed in appropriate formats.

Objective 3 - Peer learning - will include tactics to build consistent awareness of progress, of added value from adopting a climate resilient development approach through 'Business Unusual' and opportunities for peer-to-peer exchanges, over third-party extractive learning processes.

Objective 4 – Radical transparency for 360 accountability - will involve working in innovative ways with communities on the best formats to use that are appropriate to them (e.g. videos, photos, audio files, in person meetings), to communicate their messages to the LIFE-AR Board, and, in turn, with the LIFE-AR Board to engage with communities in front runner countries to ensure the funds get to them, that the LIFE-AR approach taken is suitable and that communities remain at the heart of this initiative as active decision makers.

Messaging, methods and supporting content against all objectives is indicative and will be nuanced where necessary and evolve over time as stakeholders move from a 'discovery' position, through 'interest' to 'taking action'. This strategy should be reviewed on a regular basis. The next step from this is a more detailed communications plan against each objective.

Table 9.1: Messages and audiences

Audience	Message	Possible methods	Supporting content
Objective specific stakeholders in each front runner country	1: We are committed to an ambitious, low carbon climate resilient development strategy. LIFE-AR will help us to access climate finance, strengthen how we get that finance to local communities, and build institutional capabilities to take climate action at all levels This will lead us to innovate through ‘business unusual’ ways of working, bringing benefits to everyone across society We would like to work with you to put this into practice across the whole of society. Please share your ideas and let’s get started Let us know of any concerns you may have so that these can be addressed together	Country specific and tailored to national or local level stakeholders but will be likely to include: Media channels – print and interactive community radio (and TV?) Workshops Briefings for journalists including field trips and high level dinners with editors Community meetings Presentations Newsletters Social media channels 121 meetings with government representatives, development partners, CSO, media and private sector actors.	clear, short content setting out LDC Offer and Ask Case studies (incl photo stories) detailing how changes in systems and process lead to impact, drawn from stakeholder action and experience, particularly from local communities, including from across the frontrunner countries and drawn from work under Objectives 3 and 4. Slide deck Short videos Press releases, op eds, media reactions, radio programmes etc, Cartoons etc.
Objective 2: international and multilateral development agencies and progressive philanthropists and foundations	Eleven Development Partners have already committed to partnering with the LDCs in achieving a shared LDC 2050 Vision – will you sign up too? A key point of the LDC 2050 Vision is to get at least 70% climate finance to communities in LDCs (according to previous studies, only 10% of finance reaches communities. Our work to Follow the money shows how that climate finance can be tracked) And LDC countries want LDC-led approaches that build long term LDC capabilities and systems in country, adopting a ‘business unusual’ way of working ‘Business Unusual’ is an innovative and transformative way of working which will bring benefits to the whole of society	Media work by LDC Chair and heads of government from Partnership Compact signatories Presentation at global governance events – Bonn, G20, COP28 etc Presentation to specific donors on areas of interest LIFE-AR Donor dialogues Build relationships with networks which can champion on LIFE-AR behalf	Slide deck of what is the ‘Business Unusual’ approach Case studies (incl photo stories) detailing how changes in systems and process lead to impact, drawn from Objective 1 work and from across the Partnership Compact under Objectives 3 and 4 to make sure community voices reach the international level Press releases, op eds, media reactions, articles in relevant papers e.g., FT etc

It needs financing to take forward; can we talk to you about how you might be part of this initiative?

And can you reflect on the ways that you work and the potential of shifting to a 'business unusual' approach, through innovation and action?

Tell us what you need to know to do that, the questions you have, and we will try to respond

Content containing new information/analysis

FAQs to respond to consistent concerns

Blogs and long reads

Objective 3: LIFE-AR Partnership Compact signatories	Seventeen countries in all have committed to the LIFE-AR Partnership Compact and to putting the LDC 2050 vision into practice; we want more countries to do the same. LIFE-AR is about creating delivery mechanisms that will be able to work nationwide and support society, places and economies to transform systems rapidly These interventions are about changing how people design and deliver, it's about shifting power and shifting authority and resources - all of this takes time and support, and will require multiple innovations We are in this together. We need to work together under a strengthened partnership between LDCs and the international community, to support the most vulnerable communities in LDCs. Join us. Stand alongside us. And together we can achieve more ambitious and effective climate action. Learning together will speed up this system change and fulfil our collective ambition Join us to hear from countries, development partners and communities about their experience; ask questions; tell us what you would need to commit to providing funding or practical implementation of the business unusual approach Tell us the progress you have made towards our shared vision We will be updating you regularly via newsletters, webinars and emails about the impact the business unusual approach is making (LDC Offer and Ask) Please put us in touch with your communications team so that we can	Peer learning events between development partners and LDCs, including communities Sharing learning beyond the Partnership Compact to others such as the National Adaptation Plan Global Network, at UNFCCC CoP, meetings of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the UNFCCC meetings etc Webinars Newsletters Website Strong brand identity	Web pages News stories Case studies from the signatories detailing experiences from national to local level – ready to share under Objective 2 work and across other countries
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	collaborate in raising the profile of the LDC 2050 Vision		
Objective 4: LIFE-AR Board and communities in LDCs where LIFE-AR is operating	[To LIFE-AR Board members] It is vital for accountability and transparency to engage with communities about how much money they have received, how they have spent it and the difference it is making. We need to build accountability for where things are not working and learn from people closest to where decisions are being made [To communities] We invite you to share your experience of LIFE-AR directly with the LIFE-AR Board about the difference (or not) the 'business unusual' way of working is making; the potential for innovation, your role in leading this work including on deciding how the funds are spent and elements of the process you would like to see change. Tell us how we can work with you to gather this information and we will create opportunities for engaging with the LIFE-AR Board. They want to hear from you.	Short videos Social media posts Photography Presentations Audio files In person meetings Most Significant Change stories Interactive radio programmes	Short videos narrating experience or showing evidence of change Audio stories Photo stories

VI. MONITORING AND EVALUATION

We always track statistics but ultimately are aiming for qualitative changes as well – for example the way people engage, the questions they ask, the information and voices they want to hear. Both quantitative and qualitative indicators will show how we are achieving the objectives of the communications strategy, and this will be linked with LIFE-AR MEL.

Objective 1 - we need to have indicators for 'building understanding'

Objective 2 - new donors asking questions, wanting to know more, being more actively interested in the LDC 2050 Vision; changes in how climate finance is governed and delivered beyond LIFE-AR

Objective 3 - stronger peer learning and more donors and LDC countries committing to Vision and business unusual and talking about it.

Objective 4: clear lines of accountability and connection between the LIFE-AR Board and the community-level creating upwards and downwards accountability and radical transparency.

So below are some suggestions:

Objective 1

- At least 30% of organisations contacted from across stakeholder groups understand 'business unusual' (rising to 70% in Year 8) and 15% (rising to 55%) are positive about its value
- X no of listens/reads/event participants OR 30% growth in listens/reads/participation across Yr. 1
- [KPIs specific to each country's communications strategy]

Objective 2

- At least 40% of sample groups from each stakeholder are aware of the LDC Ask and Offer (rising to 80% in Year 8)

- At least X new donor partners express interest in finding out more about being a partner in the LDC vision by end of year 1
- Existing donors actively champion the business unusual approach in their own communications and engagement
- Number of donors following and engaging with LIFE-AR on social media increases by X per cent

Objective 3

- Consistent communications over 1 year with X % increase in click through/opening rates
- Participation in events increases by X %
- Engagement by LDCs increases, including requests for more information from at least 2 new LDCs (rising to 10 additional countries by year 8)
- Page views of website increase by X per cent
- Followers on social media increases by X per cent and number of LDCs represented increases too

Objective 4

- At least X number of opportunities a year for LIFE-AR Board members to meet with community members to discuss LIFE-AR and the difference it is making, and for communities to find out how investments are being made, who makes the decisions and to make sure community resilience and adaptation continues to be at the heart of the initiative.
- X pieces of content a year made by communities and shared with LIFE-AR Board members.
- X pieces of content made by LIFE-AR Board members and shared with communities.

Chapter 10: National Platform Operating Procedures Manual

I. INTRODUCTION

LIFE-AR's vision is for LDCs to deliver climate-resilient development pathways by 2030 and net-zero emissions by 2050 to ensure LDC societies, economies and ecosystems thrive. Fundamental to the LIFE-AR Initiative is that it is LDCs that define, drive and lead delivery of the LDC 2050 Vision.

Consistent with LIFE-AR's ethos, each LDC will find its own solutions and develop its own business processes to implement its LIFE-AR activities, building on what they already have, that support the LIFE-AR Principles.

Table 10.1: How National Platform Operating Procedures support the LIFE-AR Principles

LIFE-AR Principle	How National Platform Operating Procedures support the LIFE-AR principles
Work together jointly on a shared and equal platform	The National Platforms implement their strategies through the LDC owned and led LIFE-AR Platform and National Platforms to deliver national strategies.
Invest behind integrated, holistic and ambitious climate planning across whole of society	National Platform Operating Procedures facilitate the bringing together of actors from across the whole of society including government, civil society, academia, and the private sector.
Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030	National Platform Operating Procedures facilitate devolved governance and the flow of funds to support action on the ground
Work at the pace of individual LDCs, aiming to build long-term national and local institutions, systems, structures and capabilities	Each LDC adopts its own National Platform Operating Procedures in its own way, and at its own pace guided by the principles and practices agreed by the LDC and Development Partners at the LIFE-AR Board.
Leave no country and no one behind	The National Platform Operating Procedures and sharing the lessons learnt in implementing programmes using these ensure that all countries share in the know how developed by working together.

II. NEED FOR NATIONAL PLATFORM OPERATING PROCEDURES (NPOP)

The Secretariat has been established as a mechanism to support LDCs in achieving their vision through the provision of technical support and by channelling funds from Development Partners. In channelling funds, the LIFE-AR Platform needs to strike an appropriate balance between experimentation and embracing risks on the one hand, and avoiding the poor use of funds on the other. The LIFE-AR Board has therefore adopted SOP which cover all aspects of LIFE-AR's implementation activities and guide the development of the LIFE-AR business processes to ensure that risks are managed effectively, and that LIFE-AR delivers good value for money.

The SOPs include **Standards and Benchmarks** that are to be applied along the LIFE-AR delivery chain. The Standards and Benchmarks are universal, consistent with good practice, and apply equally to both the LIFE-AR Platform, the Secretariat, National Platforms and Grantors and Grantees.

Each National Platform will develop its **National Platform Operating Procedures (NPOP)** consistent with the Standards and Benchmarks to ensure that the National Platform Operating Procedures are aligned with the SOP.

The form of each FRCs NPOP will vary because National Platforms will have different legal structures, operating environments, and applicable legislation, and in some cases National Platforms will be embedded in existing institutions who will have current operating procedures already in place.

The Standards and Benchmarks will be used to benchmark the NPOP through the Empowerment Due Diligence process and guide the National Platforms in strengthening their capabilities (where required) using Empowerment Action Plans. These processes are described in more detail in SOP **Chapter 3: Granting Policy** [\[Link\]](#).

III. OVERALL PROCESS FOR DEVELOPING AND IMPLEMENTING THE NPOP

This section sets out the steps which National Platforms need to follow to develop the NPOP. This will help ensure that National Platforms develop bespoke procedures which are appropriate for their individual contexts, but which must also be consistent with the LIFE-AR Standards and Benchmarks.

Step 1: Identify the Delivery Mechanism for LIFE-AR

During the Establishment Phase of each National Platform, the Government of the LDC will design or choose a delivery mechanism to deliver climate finance to the local level through LIFE-AR. This finance will either be channelled through an existing entity or a new entity may need to be established. If a new entity is determined to be the optimal structure it may either be in the form of a Programme Implementation Unit (PIU) set up alongside an existing entity or it will be a Special Purpose Vehicle (SPV) which is a standalone new legal entity.

Step 2: Develop National Platform Operating Procedures

Where an existing entity has been designated, it will most likely have existing operating procedures. The National Platform will need to ensure that these comply with the Standards and Benchmarks.

Where a new entity is being established, new operating procedures will need to be developed. The development may be undertaken by an in-house team or may be outsourced to a consultant. In either case, the National Platform should ensure that the terms of reference for the team or consultant require the NPOP to be consistent with the Standards and Benchmarks. A template for these terms of reference is attached as Appendix A (these will need adapting to reflect the actual context of each National Platform).

To assist National Platforms to assess whether their NPOP complies with the Standards and Benchmarks, a checklist has been developed to facilitate a light-touch review and to identify any areas of non-compliance. The checklist is attached as Appendix B.

Step 3: Empowerment Due Diligence

The LIFE-AR Secretariat will commission Empowerment Due Diligence of the National Platforms and support the National Platforms in strengthening their systems as they progress along the Empowerment Pathway in accordance with the methodology described in SOP **Chapter 3 - Granting Policy** [\[Link\]](#).

An initial Empowerment Due Diligence process will be undertaken before a grant is made to a National Platform. Subsequent reviews will be undertaken to monitor the National Platform's progress in strengthening its systems (if required) against the Empowerment Action Plan.

Step 4: Implementation

Implementation will commence as soon as a grant agreement is entered to between the National Platform and the LIFE-AR Platform. However, strengthening if required will continue all along the Empowerment Pathway as National Platforms develop their capabilities in accordance the Empowerment Action Plan.

Step 5: Compliance

Each National Platform will need to establish mechanisms to ensure that there is full compliance with NPOP and that where there is non-compliance it is identified, and remedial action taken. The Secretariat will facilitate active learning and reflection to support the National Platform to develop innovative solutions which combine to give stakeholders the assurance that resources are being used properly and effectively. The Secretariat may also implement a series of spot checks to ensure that NPOP is being followed and to help identify learning opportunities.

See SOP **Chapter 7: Audit and Compliance** [\[Link\]](#) for more details.

Step 6: Reporting

National Platforms will be required to submit reports in accordance with **Chapter 8: Reporting** of the SOP [\[Link\]](#).

IV. SUMMARY OF REQUIREMENTS FOR THE NATIONAL PLATFORM

It is essential that each National Platform:

1. Is familiar with and understands the requirements of the Standards and Benchmarks;
2. Ensures that NPOPs are fully consistent with the Standards and Benchmarks;
3. Implements the agreed Empowerment Action Plan;
4. Reflects on its experience and learns lessons which will enable it to fully comply with the NPOPs over time;
5. Submits all required reports in a timely manner; and
6. Cooperates with and responds constructively to any reviews, audits, or investigations commissioned by the Secretariat.

Annex 1A: Transparency Policy

1 INTRODUCTION

LIFE-AR believes transparency and accountability are fundamental to fulfilling its development mandate and it is set out in both the LDC Ask and Offer and the LDC 2050 Vision. This Transparency Policy sets out LIFE-AR's policy regarding the scope of information that it requires LIFE-AR Participants to publish and make available to the public.

This Transparency Policy reaffirms and reflects LIFE-AR's commitment to enhance transparency about its activities, improve development effectiveness, promote good governance and build public confidence. The Transparency Policy reflects the various activities of the LIFE-AR Platform and National Platforms, the nature of the information that LIFE-AR Participants receive and prepare in connection with LIFE-AR activities, and the level of disclosure applicable to different types of information.

Further information can be found in **Chapter 3 (Granting)** and **Chapter 4 (Procurement)**.

2 SCOPE

This Policy applies to the disclosure of information by LIFE-AR Participants.

3 POLICY

LIFE-AR is committed to transparency and accountability and shall make available information concerning its activities that enables its stakeholders and the public to understand its activities, the development outcomes and other impacts of its activities, including its overall contribution to the achievement of LIFE-AR's objectives. Reference to "stakeholders" includes those involved with the LIFE-AR Platform, National Platforms, LDC lead ministries, whole of government, provider lead agencies and Development Partners.

The information LIFE-AR Participants will make available following these principles can be categorised as:

1. Institutional information e.g. governance documents and decisions;
2. Investments - e.g. funding and services to strengthen capabilities; and
3. Project-level information regarding projects supported by LIFE-AR.

There is a presumption in favour of full transparency and disclosure unless there is a compelling reason not to disclose such information. In determining whether the information is made available by LIFE-AR [Participants], consideration is first given to whether such information falls within the scope of institutional or project-level information and, if so, determine whether there is any compelling reason not to disclose all or any part of such information.

In making this determination, LIFE-AR considers whether the disclosure of the information is likely to cause harm to LIFE-AR or any third-party that outweighs the benefit of disclosure, or whether the information contains or makes reference to the information described in the list of exceptions in Section 5 below, which is not exhaustive. LIFE-AR will seek to ensure that any confidentiality (or non-disclosure) agreements or commitments its stakeholders require it to enter do not prohibit its ability to comply with this Transparency Policy.

4 INFORMATION MADE AVAILABLE BY LIFE-AR PARTICIPANTS

Unless covered by one of the exceptions in Section 5, LIFE-AR will seek to ensure that the following information about itself and its activities is publicly available.

4.1 Governing and Funding Documents

LIFE-AR will make publicly available information regarding its funding and governance. This information includes:

1. its constitutional documents;
2. its audited financial statements;
3. its Grant policies and operating policies and procedures;
4. funding instruments between the LIFE-AR Secretariat and National Platforms, and between National Platforms and Delivery Partners.

4.2 Health, Safety, Environment and Social Information

During the period that it is supporting a Grant, LIFE-AR will make publicly available a description or summary of the main ESG and HSES] risks and impacts associated with each Grant and, where applicable, relevant mitigation plans.

Before LIFE-AR releases any ESG/HSES information relating to a Grant, LIFE-AR shall consult with relevant stakeholders (if applicable) regarding the appropriateness of the HSES information to be disclosed and verify the factual accuracy of such information.

4.3 Project Information

LIFE-AR shall disclose the following information about each Grant (where applicable):

1. The name and jurisdiction of the recipient of the LIFE-AR funding;
2. The total project CAPEX cost, where applicable;
3. The name and jurisdiction of the project;
4. A brief description of the Grant;
5. The Grant's start and end dates (expected and actual);
6. The amount and nature of LIFE-AR's Grant;
7. The expected development impact of the Grant; and
8. LIFE-AR's expected role and additionality.

4.4 International Aid Transparency Initiative

Data relating to Grants will be published by the Secretariat or National Platforms in accordance with the International Aid Transparency Initiative (IATI) standard. Further details can be found at <https://iatistandard.org/en/>

4.5 Freedom of Information Requests

In cases where donors or LDC governments receive a valid Freedom of Information (FOI) request or equivalent, LIFE-AR will endeavour to promptly provide them with any documentation they request, to enable

them to respond to an FOI so long as such information is not required to be kept confidential under either this Transparency Policy or any applicable legislation.

4.6 Results Monitoring Information

For each Grant, LIFE-AR shall disclose results in accordance with the standard indicators set out in the LIFE-AR Results Monitoring Framework and report on its aggregate results on a quarterly basis.

4.7 Procurement and Expenditure information

LIFE-AR will publish quarterly a schedule of summary information about contracts that it enters into for goods and services. Additionally, LIFE-AR will publish quarterly summary information of expenditures paid to date under LIFE-AR funded contracts. Further details are provided in Chapter 4 - Procurement.

4.8 Grants and sub-grants

LIFE-AR will publish quarterly a schedule of summary information about Grants that it receives and any on-grants that it makes. Additionally, LIFE-AR will publish quarterly summary information of disbursements made under Grants and on-grants. Further details are provided in **Chapter 3 - Granting**.

4.9 Director's Expenses

LIFE-AR will publish quarterly summary information of LIFE-AR Board ' expenses for all expense items that have been paid over USD 300, showing the name of the LIFE-AR Board member and the amount and type of each item of expense.

4.10 Delay of Disclosure

LIFE-AR may delay the disclosure of certain information that it would otherwise make publicly available because of market conditions, commercial, legal or regulatory requirements or considerations such as timing requirements relating to market-sensitive transactions, securities offerings, or a financial, commercial or Grant restructuring, or where consultation with the relevant stakeholders is being or is required to be undertaken.

4.11 LIFE-AR Board Minutes and information

The minutes of all LIFE-AR Board meetings (subject to exclusion of confidential matters as determined by the Board acting in good faith in accordance with the applicable law) will be made available to all LDCs and Development Partners and be published on LIFE-AR's web page.

National Platforms will promptly provide any information requested by the LIFE-AR Board relating to the use of LIFE-AR funds.

5 EXCEPTIONS

In making its determination of whether or not to disclose information, LIFE-AR will take into account the following general considerations:

5.1 Commercially Sensitive and Confidential Information

LIFE-AR does not disclose commercially sensitive financial, business, proprietary or other confidential information about its projects or LIFE-AR Participants to the public. To do so would be contrary to the legitimate expectations of such parties, who need to be able to disclose to LIFE-AR detailed confidential information without fear of LIFE-AR compromising the confidentiality of their commercial or other proprietary information in a highly competitive marketplace. Similarly, LIFE-AR does not disclose:

1. any documentation, correspondence or other information relating to negotiations in respect of Grants between LIFE-AR and its partners; and

2. minutes of internal and external meetings relating to its Grants and any documents or papers tabled at or about such meetings.

5.2 Personal Information

In accordance with its obligations under applicable data protection laws, LIFE-AR must establish and maintain appropriate safeguards to respect the privacy of any personal information received and will not disclose any such information other than in accordance with the law. Please see **LIFE-AR's Privacy Policy** for further details.

5.3 Legal Privilege

LIFE-AR does not provide access to information subject to legal privilege.

5.4 Security and Safety

LIFE-AR does not provide access to:

1. Information whose disclosure would compromise the security of any individual involved with LIFE-AR (whether employee, director, contractor, client, supplier or otherwise), their families, LIFE-AR's assets or any third parties' assets;
2. Information about logistical and transport arrangements related to LIFE-AR, LIFE-AR's assets, documents or personnel;
3. Information whose disclosure is likely to endanger the life, health, or safety of any individual or the environment; and
4. Information relating to arrangements for preserving the safety and security of individuals working with, or for, LIFE-AR or to arrangements related to its corporate records and information systems.

5.5 Deliberative Information

LIFE-AR will not provide access to the following information about its activities:

1. Information (including email, notes, letters, memoranda, reports or other documents) prepared for or exchanged during its deliberations with partners or other third parties with which LIFE-AR cooperates;
2. Information (including email, notes, letters, memoranda, reports or other documents) prepared for or exchanged during LIFE-AR's business and internal deliberations, including those issued or prepared by LIFE-AR's staff, consultants, advisers, lawyers, or agents;
3. Materials, information, investigations, studies, reports, audits, assessments or analysis procured, prepared or exchanged to inform LIFE-AR decision-making, management directives, policies and procedures prepared as part of the LIFE-AR's operational processes.

5.6 Treasury Operations

LIFE-AR does not disclose information related to its treasury operations.

5.7 Violation of National Laws or Other Applicable Regulations

LIFE-AR does not disclose information if such disclosure would violate any applicable laws, regulations (or equivalent) or any order or direction from a relevant authority or regulatory body.

5.8 Investigative Information

LIFE-AR may decline to disclose information if such disclosure might prejudice an investigation or any legal or regulatory proceedings or subject LIFE-AR or any individual involved with LIFE-AR to an undue risk of litigation or other legal proceedings.

6 ACCESSING INFORMATION

6.1 Publication of Information

The information disclosed under this Transparency Policy will be made available online at the relevant LIFE-AR website in a form that is easy to access and navigate: [info@LIFE-AR].

6.2 Requests for Information

Where information disclosable under this Transparency Policy is not readily available from the LIFE-AR website, it may be requested from LIFE-AR by email, identifying the specific information requested in reasonable detail.

In responding to requests for information, LIFE-AR will consult with the relevant LIFE-AR Participants to determine whether the information requested is disclosable under this Transparency Policy or falls within one of the exceptions. If appropriate, the LIFE-AR may refer the request to the relevant LIFE-AR Participant(s) or an appropriate third party.

English is the working language of LIFE-AR, and responses to requests for information will be in English. However, to the extent that a request is received in another language, LIFE-AR will endeavour to respond in the relevant language.

LIFE-AR will endeavour to respond to requests for information within thirty calendar days of receipt of a written request for information unless additional time is required because of the scope or complexity of the information requested. If additional time is necessary, LIFE-AR will contact the requester and explain the reasons for the delay and, if possible, will provide an estimated time frame for its response.

In its response to a request, LIFE-AR will either provide all or part of the requested information or give reasons why the request has been delayed or denied, in whole or in part. If LIFE-AR has received multiple requests for the same information from different parties or persons, it may make its response available on the LIFE-AR website rather than responding to each individual request. LIFE-AR may reject the request for information if such a request is deemed to be blanket, frivolous or without merit.

6.3 Complaints

If a requester believes that a request for information has been unreasonably denied or that this Transparency Policy has been interpreted incorrectly, a complaint may be submitted in accordance with the LIFE-AR Complaints Procedure on the LIFE-AR website.

7 ROLES AND RESPONSIBILITIES

The LIFE-AR Board is responsible for approving this Transparency Policy and is accountable to the LIFE-AR stakeholders for the appropriate disclosure of information in accordance with this Policy.

The LIFE-AR Board is responsible for reviewing this Transparency Policy, ensuring the adequacy of LIFE-AR's arrangements concerning the publication of information and monitoring compliance with this Transparency Policy.

The LIFE-AR Secretariat is responsible for implementing this Transparency Policy and associated standards and guidance as appropriate. The LIFE-AR Secretariat shall monitor and periodically report to the LIFE-AR Board on the adequacy and effectiveness of LIFE-AR's arrangements for disclosing information.

Each LIFE-AR Participant shall be responsible for ensuring its compliance with this Policy and associated standards and guidance as issued by LIFE-AR from time to time, including the types of information being requested or accessed by the public and the general responsiveness to requests for information.

Annex 1B: Safeguarding Policy

1 INTRODUCTION

1.1 Purpose

The purpose of this Safeguarding Policy is to protect people, particularly children, at risk adults and beneficiaries of LIFE-AR activities, from any harm that may be caused due to their coming into contact with LIFE-AR Participants. This includes harm arising from:

- The conduct of staff or personnel associated with LIFE-AR
- The design and implementation of LIFE-AR's programmes and activities

This Safeguarding Policy lays out the commitments made by LIFE-AR, and informs staff and personnel of LIFE-AR Participants of their responsibilities in relation to safeguarding.

This policy does not cover:

- Sexual harassment in the workplace – this is dealt with under LIFE-AR's Staff Handbook
- Safeguarding concerns in the wider community not perpetrated by LIFE-AR or associated personnel

1.2 What is safeguarding?

In the UK, safeguarding means protecting peoples' health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect.

In our sector, we understand it to mean protecting people, including children and at-risk adults, from harm that arises from coming into contact with our staff or programmes.

Further definitions relating to safeguarding are provided in the glossary below.

1.3 Scope

This Safeguarding Policy applies to all LIFE-AR Participants.

1.4 Policy Statement

LIFE-AR believes that everyone we come into contact with, regardless of age, gender identity, disability, sexual orientation or ethnic origin has the right to be protected from all forms of harm, abuse, neglect and exploitation. LIFE-AR will not tolerate abuse and exploitation by staff or personnel of any LIFE-AR Participant.

This policy will address the following areas of safeguarding: child safeguarding, adult safeguarding, and protection from sexual exploitation and abuse.

LIFE-AR commits to addressing safeguarding throughout its work, through the three pillars of prevention, reporting and response.

2 PREVENTION

2.1 LIFE-AR responsibilities

LIFE-AR will:

- Ensure all its staff have access to, are familiar with, and know their responsibilities within this Safeguarding Policy.
- Design and undertake all its programmes and activities in a way that protects people from any risk of harm that may arise from their coming into contact with LIFE-AR. This includes the way in which information about individuals in our programmes is gathered and communicated.
- Implement stringent safeguarding procedures when recruiting, managing and deploying staff and associated personnel.
- Ensure staff receive training on safeguarding at a level commensurate with their role in the organization.
- Follow up on reports of safeguarding concerns promptly and according to due process.

2.2 Staff responsibilities

Child safeguarding

LIFE-AR staff and personnel of LIFE-AR Participants must not:

- Engage in sexual activity with anyone under the age of 18.
- Sexually abuse or exploit children.
- Subject a child to physical, emotional or psychological abuse, or neglect.
- Engage in any commercially exploitative activities with children including child labour or trafficking.

Adult safeguarding

LIFE-AR staff and personnel of LIFE-AR Participants must not:

- Sexually abuse or exploit at risk adults.
- Subject an at-risk adult to physical, emotional or psychological abuse, or neglect.

Protection from sexual exploitation and abuse

LIFE-AR staff and personnel of LIFE-AR Participants must not:

- Exchange money, employment, goods or services for sexual activity. This includes any exchange of assistance that is due to beneficiaries of assistance.
- Engage in any sexual relationships with beneficiaries of assistance, since they are based on inherently unequal power dynamics.

Additionally, LIFE-AR staff and personnel of LIFE-AR Participants are obliged to:

- Contribute to creating and maintaining an environment that prevents safeguarding violations and promotes the implementation of this Safeguarding Policy.
- Report any concerns or suspicions regarding safeguarding violations by a LIFE-AR staff member or personnel of a LIFE-AR Participant to the appropriate staff member.

3 REPORTING SAFEGUARDING CONCERNS

LIFE-AR will ensure that safe, appropriate, accessible means of reporting safeguarding concerns are made available to staff, personnel of LIFE-AR Participants and the communities that we work with.

Any staff reporting concerns or complaints through formal whistleblowing channels (or if they request it) will be protected by LIFE-AR's Whistleblowing Policy [\[LINK\]](#).

LIFE-AR will also accept complaints from external sources such as members of the public, partners and official bodies.

3.1 How to report a safeguarding concern

Staff members or personnel of LIFE-AR Participants who have a complaint or concern relating to safeguarding should report it immediately to their [Safeguarding Focal Point] or line manager. If the staff member does not feel comfortable reporting to their Safeguarding Focal Point or line manager (for example if they feel that the report will not be taken seriously, or if that person is implicated in the concern) they may report to any other appropriate staff member. For example, this could be a senior manager or a member of the HR Team.

[Provide contact details]

4 RESPONSE

LIFE-AR will follow up safeguarding reports and concerns according to policy and procedure, and legal and statutory obligations (see LIFE-AR Incident Reporting Procedure, which is part of LIFE-AR's HSES Management System).

LIFE-AR will apply appropriate disciplinary measures to staff and, if possible personnel of LIFE-AR Participants found in breach of policy.

LIFE-AR will offer support to survivors of harm caused by staff or personnel of LIFE-AR Participants, regardless of whether a formal internal response is carried out (such as an internal investigation). Decisions regarding support will be led by the survivor.

5 CONFIDENTIALITY

It is essential that confidentiality is maintained at all stages of the process when dealing with safeguarding concerns. Information relating to the concern and subsequent case management should be shared on a need-to-know basis only, and should be kept secure at all times.

6 ASSOCIATED POLICIES

- Code of Conduct
- Staff Handbook
- Whistleblowing Policy
- Complaints Policy
- Incident Reporting Procedure
- Staff Recruitment Policy

Annex 1C: Anti-corruption and Integrity Policy

1 PURPOSE

The purpose of this Anti-corruption and Integrity Policy is to set out LIFE-AR's policy requirements, and the minimum standards and controls that we must put in place to ensure that bribery and corruption does not prejudice our ability to achieve our goals nor damage our reputation.

Corruption or bribery in any form will damage LIFE-AR's reputation and anyone engaged in such acts risks disciplinary action, fines and imprisonment.

At a minimum we must comply with all applicable laws and regulations in respect of anti-money laundering and combating the financing of terrorism, and uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we conduct business.

Where we engage with third parties that we do not control we must endeavour to ensure that they comply with this policy or a comparable policy. If a third-party fails to comply with this Anti-corruption and Integrity Policy or a comparable policy, the non-compliance will be investigated and funding may be withdrawn.

2 SCOPE

The Anti-corruption and Integrity Policy applies to all LIFE-AR Participants.

3 STANDARDS AND BENCHMARKS

3.1 Standards

1. All LIFE-AR people and LIFE-AR Participants must observe the highest standards of financial and ethical conduct.
2. LIFE-AR has a policy of "zero tolerance" towards fraud, bribery, corruption, money laundering and terrorism financing.

3.2 Benchmarks

What we must not do

We all must not:

1. Give or offer any payment, gift, hospitality or other benefit in the expectation that a business advantage will be received, or to reward any business received;
2. Accept any offer from a third party that we know or suspect is made with the expectation that we will provide a business advantage for them or anyone else;
3. Give or offer any payment (sometimes known as a 'facilitation payment') to a government official in any country to facilitate or speed up a routine or necessary procedure;
4. Have any involvement or engage in any activity with, nor enter into any transaction, with any party that is an entity or person:
 - a. Named on the following lists updated from time to time:

- United Nations – [United Nations Security Council Sanctions List](#)
 - European Union – the EU Sanctions List,
 - USA - United States of America Sanctions List
 - United Kingdom – the UK Sanctions List
- b. Convicted, indicted, or subjected to any similar criminal sanction, by any court or governmental body of competent jurisdiction, for engaging in money laundering or financing of terrorism or any sanctionable practice, unless a governmental body of a competent jurisdiction has confirmed that appropriate remedial action has been taken.

Anti-corruption measures

1. We must take all appropriate measures to prevent and combat, and refrain from engaging in, fraud and corruption, and do everything we can to ensure compliance by others with whom we conduct LIFE-AR business including:
 - a. Regularly taking measures to understand and assess the risks of fraud and corruption, and other forms of corrupt or illegal behaviour; and
 - b. Undertaking due diligence on organisations that LIFE-AR engages with to ensure that they share our culture of zero tolerance, and have in place appropriate measures to combat fraud and corruption, and other forms of corrupt or illegal behaviour.
2. We investigate promptly all allegations, knowledge or suspicion of Financial Crime or integrity violations.
3. We disclose information promptly to enhance citizen and scrutiny of our work in accordance with our Transparency Policy [\[Link\]](#).

Whistle-blower helpline

4. If you have any knowledge or suspicion of a Financial Crime, you must report it immediately to the Whistle-blower helpline [\[Link\]](#).
1. If you are unsure whether a particular act constitutes a Financial Crime, you should seek advice from the Whistle-blower helpline.
2. If you make a report to the Whistle-blower helpline in good faith in accordance with this Policy all reasonable steps will be taken to protect you from retaliation as a result of making the report in accordance with this Policy and any applicable Whistle-blower laws.

Anti-corruption and Integrity measures

1. We put in place appropriate Anti-corruption and Integrity policies and procedures, and strategies for the prevention, reporting, and responding to alleged Anti-corruption and Integrity violations.
2. LIFE-AR Participants will ensure that at a minimum the measures set out below are in place.

Table A1 - Summary of Anti-corruption and Integrity measures

Prevention	Accountability Governance	&	Establish clear management lines and accountability for Anti-corruption and Integrity and appropriate policies in place. Creating a culture that promotes Anti-corruption and Integrity.
	Recruitment & Induction		Putting rigorous vetting procedures in place eg checking references.
	Communication & Training		Ensuring that all LIFE-AR Participants have periodic anti-corruption training eg on-line e-learning and

		communicating our Anti-corruption and Integrity culture both within LIFE-AR and outside.
	Working with Delivery Partners	Working with our Delivery Partners to communicate our expectations of them, and ensure that appropriate arrangements are put in place.
Reporting	Complaints & reporting Mechanisms	Designing complaints & reporting mechanisms to make it easy for us and for members of the public to report Anti-corruption and Integrity concerns.
	Making a Report	Providing clear instructions to those wishing to make a report or guidance for those who are unsure.
Response	Receiving a Report	Providing clear guidance on how to receive a report and what to do next.
	Dealing with a Report	Responding promptly to reports of alleged Anti-corruption and Integrity incidents.
	Incident Investigation Procedure	Following due process when we carry out investigations and making sure the right people participate.
	Decision & Close	Implementing appropriate disciplinary measures for Anti-corruption and Integrity violations where appropriate and relevant.

Prevention

1. The LIFE-AR Board and each of the Governing Bodies of National Platforms and Grantees are ultimately accountable for:
 - a. Ensuring that this Anti-corruption and Integrity Policy and all applicable international and local laws are complied with; and
 - b. Ensuring that proportionate systems and controls (taking account of its current Financial Crime risk assessment, appetite and tolerances) are in place, and monitor that these are operating effectively.
2. All **organisations** implementing LIFE-AR activities must:
 - a. Vetting:

Put in place a proportionate level of pre-employment and on-going vetting eg reference checks required for all roles that exist within our organisation, which shall include establishing whether a particular role creates a Financial Crime risk, the risk of an individual committing or facilitating Financial Crime, and how that risk will be mitigated.
 - b. Risk appetite, Risk Tolerance and Risk Register:
 - Document and review annually their risk appetite and tolerances for the Financial Crime risks;
 - Maintain an up-to-date risk assessment of their exposure to Financial Crime; and
 - Put in place measures to demonstrate adherence to this Anti-corruption and Integrity Policy and to enable them to identify any suspicious activity.

- c. Due diligence:
 - Undertake an appropriate and proportionate due diligence assessment on any third party before entering into any kind of relationship with them (including a business or other relationships, one off, short term and long term, and including grants, contracts or any other kind of transaction) of the Financial Crime risks presented by the relationship, and review this annually;
 - Undertake enhanced due diligence measures where the risk assessment determines that the relationship is assessed as “high risk”; and
 - Check (and re-assess periodically) whether any party with whom they propose to have a relationship is subject to any form of sanctions or performs a prominent public role and assess the risk presented by any such relationship.
- d. Employee awareness and training
 - Ensure that anyone employed in connection with implementation of LIFE-AR:
 - Completes anti-corruption and integrity training proportionate to level of Financial Crime risk involved in their role eg on-line e-training;
 - Is made aware of their obligations in relation to Financial Crime or integrity violations, and in particular their obligation to report any suspicious activity or wrongdoing; and
 - Is made aware of the whistleblowing safeguards in place to protect them if making such a report.
- e. Provide anti-corruption and integrity training updates on a regular basis, and at least once a year.

Reporting

All LIFE-AR Participants must:

1. Whistle-blowing:
2. Put in place whistleblowing safeguards to ensure that any employee or other individual or groups of individuals who report a suspicion of wrongdoing in good faith in accordance with the Whistleblowing Policy [\[Link\]](#) do not suffer retaliation as a result of reporting such a suspicion.
3. Assurance:
4. Put in place and monitor appropriate measures to provide assurance of compliance including:
 - a. Financial Crime risk assessments;
 - b. Third party due diligence;
 - c. Annual confirmations of compliance;
 - d. Audit and compliance reviews;
 - e. Incident and investigation reports; and
 - f. Reporting of non-compliance.

Response

All organisations implementing LIFE-AR activities must:

1. Risk Assessment:

Ensure that all allegations of Financial Crime and integrity violations that are assessed as having, or likely to have, a medium impact or above in accordance with the Risk Management Policy [\[LINK\]](#) are notified immediately to the Governing Body (or to the person to whom responsibility for investigations is delegated) who will then agree the appropriate procedure for investigating the incident and whether the incident should be referred to the appropriate national authorities.
2. Investigations:

Establish an appropriate independent objective procedure for investigating allegations, knowledge or suspicion of Financial Crime or integrity violations with the highest level of fairness and free from improper influence and reporting the findings of such investigations.

3. Reporting to National Authorities:

Comply with all obligations regarding the reporting of such matters to the appropriate national authorities.

4. Recovery:

Seek recovery of misappropriated funds or assets wherever possible and practical.

Annex 1D: Whistleblowing Policy

1 INTRODUCTION

1.1 Purpose

The purpose of this Whistleblowing Policy is to:

1. Encourage everyone to communicate openly and report suspected Malpractice as soon as possible.
2. To provide reassurance that:
 - a. We can raise genuine concerns without fear of retaliation, even if they turn out to be mistaken;
 - b. Any concerns will be taken seriously and investigated appropriately; and
 - c. Our confidentiality will be respected.
3. To guide us as to how to raise those concerns.

We commit to providing regular training to all staff in relation to whistleblowing law and this Policy.

1.2 Scope

This Whistleblowing Policy applies to all LIFE-AR Participants.

1.3 Code of Conduct

The Code of Conduct [\[LINK\]](#) requires all LIFE-AR Participants to observe the highest standards of personal and corporate ethical conduct in all of our activities.

Whistleblowing

We take Malpractice very seriously. If you suspect Malpractice, by any individual or organisation in relation to the LIFE-AR activities you must report it.

We can raise genuine concerns without fear of retaliation, even if they turn out to be mistaken.

Practices

Every LIFE-AR Participant must:

- Put in place an appropriate whistleblowing policy and procedures consistent with the Code of Conduct and this Whistleblowing Policy.
- Provide regular Whistleblowing training eg e-training every three years.
- Ensure that anyone who raises genuine concerns can do so without fear of retaliation, even if they turn out to be mistaken;
- Ensure that any Whistleblowing is taken seriously and investigated appropriately; and that confidentiality is always respected.

2 RAISING A CONCERN

2.1 You must report a concern

If you suspect Malpractice (see definition in glossary above by any LIFE-AR Participant you must report it. If you wish to make a report to the Whistleblower hotline you can do so at [Details].

You do not have to prove anything about the allegation that you are making but you must reasonably believe that the disclosure is made in the public interest and that the information that you have appears to indicate some Malpractice. If you ask for a matter to be treated in confidence, we will respect this request and, unless the law requires otherwise, will only make disclosures to third parties or other staff with your consent.

A concern can be raised by telephone, in person or in writing. Although you are not expected to provide evidence, you will generally need to explain as a minimum, the details of the nature of the concern and why you believe it to be true, and the background and history of the concern (giving relevant dates where possible).

2.2 How your concern will be handled

1. All disclosures raised will be dealt with appropriately, consistently, fairly and professionally.
2. A meeting will be arranged as soon as possible to discuss the concern raised. You may bring a colleague to any meeting that takes place. The companion must respect the confidentiality of the disclosure and any subsequent investigation. You may be asked for further information about the concern raised, either at this meeting or at a later stage.
3. All concerns raised will be treated in confidence and every effort will be made not to reveal your identity if that is your wish. If disciplinary or other proceedings follow the investigation, it may not be possible to take action as a result of a disclosure without your help, so you may be asked to come forward as a witness. If you agree to this, you will be offered advice and support.
4. We hope that all LIFE-AR Participants will feel able to voice their concerns openly under this policy. Although a concern may be raised anonymously, we encourage you give your name when reporting your concern whenever possible. If this is not done, it will be much more difficult for us to protect your position or to give feedback on the outcome of investigations. Concerns that are expressed completely anonymously are also much less powerful and are difficult to investigate.
5. After the meeting, we will decide how to respond. Usually this will involve making internal enquiries first, but it may be necessary to carry out an investigation at a later stage which may be formal or informal depending on the nature of the concern raised. We will endeavour to complete investigations within a reasonable time.
6. We will keep you informed of the progress of the investigation carried out and when it is completed, and give you an indication of timings for any actions or next steps that we will take, but we cannot inform you of any matters which would infringe any duty of confidentiality owed to others.

3 PRACTICES

Our Whistleblowing practices focus on ensuring that we have in place appropriate policies and procedures, and strategies for the prevention, reporting, and responding to suspected Malpractice. These are summarised below.

		Measures
Prevention	Accountability Governance &	Establish clear management lines and accountability for Whistleblowing and put appropriate policies in place. Creating a culture that supports Whistleblowing.
	Recruitment & Induction	Providing induction sessions on Whistleblowing for all new staff.

	Communication & Training	Planning for and providing good practice communication and training about Whistleblowing.
	Working with Delivery Partners	Working with third parties to communicate our expectations of them and planning how we will work together to implement the whistleblowing policy.
Reporting	Complaints & reporting Mechanisms	Designing safe, confidential, appropriate Whistleblowing reporting mechanisms for programme personnel and members of the public to report concerns.
	Making a Report	Providing clear instructions and guidance to those wishing to make a Whistleblowing report
	Receiving a Report	Providing clear guidance on how to receive a Whistleblowing report and what to do next.
Response	Dealing with a Report	Responding promptly to reports of suspected Malpractice.
	Incident Investigation Procedure	Following due process when we carry out Malpractice investigations and making sure the right people participate.
	Decision & Close	Implementing appropriate and relevant disciplinary measures where there is Malpractice.

3.1 Prevention

Every LIFE-AR Participant must:

1. Put in place appropriate procedures to facilitate the prevention and identification of Malpractice.
2. Provide training to ensure that everyone engaged by them understands the Whistleblowing policy and procedures.

3.2 Reporting

Every LIFE-AR Participant is encouraged to:

1. Use the LIFE-AR Whistleblowing helpline [Details] when reporting any Malpractice; and
2. Encourage everyone to report any suspected Malpractice to the Whistleblowing helpline.

3.3 Response

Every LIFE-AR Participant must put measures in place and monitor that:

1. All reported Malpractice concerns are dealt with sensitively;
2. All alleged Malpractice is investigated promptly, fairly, and confidentially, and any evidence of alleged Malpractice is collected, in accordance with the requirements of the applicable law; and
3. Retaliation does not take place against anyone reporting a suspected violation or for participation in a Malpractice investigation.

Annex 2A: LIFE-AR Board Terms of Reference

1 INTRODUCTION

1. This document sets out the Terms of Reference for the LIFE-AR Board for the initial establishment period of LIFE-AR.
2. This TOR is a living document and will be reviewed by the Board periodically. This version of the document reflects feedback from the Board on its evolving vision for LIFE-AR.
3. LIFE-AR is an LDC led and LDC owned initiative established by the LDC Group to support the LDC 2050 Vision, which is for LDCs to be on climate-resilient development pathways by 2030 and deliver net-zero emissions by 2050.
4. Under the LDC Group Charter the LDC Chair's responsibilities include steering LDC-led initiatives and guiding LDC-related initiatives to support climate action at the LDC national level.
5. The LIFE-AR Board has been established to develop LIFE-AR with a 10-year horizon, under the leadership of the LDC Chair. The LDC Chair serves as the ex officio chair of LIFE-AR on behalf of the LDC Group to oversee the implementation of LIFE-AR as an initiative of the LDC Group.
6. The International Institute for Environment and Development ("IIED") serves as the (interim) Secretariat of the LIFE-AR Initiative.
7. The LDC governments have committed to deliver the LDC Offer (as defined in the Introduction to the SOP [\[LINK\]](#)), which includes ambitious, low-carbon, climate resilient development in their countries. LIFE-AR's Development Partners have committed to deliver the LDC Ask (as defined in the Introduction to the SOP [\[LINK\]](#)) as part of a shared LDC 2050 Vision under the LIFE-AR Partnership Compact. Development Partners provide support to LIFE-AR, including financial support under funding agreements with IIED.

2 PURPOSE

The purpose of the LIFE-AR Board is to:

1. Support LIFE-AR in delivering its strategic objectives.
2. Oversee implementation of LIFE-AR.
3. Deliver the LIFE-AR Strategy, and regularly review and adjust the LIFE-AR Strategy, in line with the interests of all stakeholders, with particular regard to the LDCs and their communities.
4. Provide stewardship, accountability and leadership for LIFE-AR.
5. Oversee management of LIFE-AR, including financial management and governance.
6. Develop the legal, governance and operational structure of a stand-alone LIFE-AR Platform.
7. Oversee and ensure a smooth transition of LIFE-AR (including the Secretariat) from IIED to a stand-alone LIFE-AR Platform.

2.1 Composition

The LIFE-AR Board will comprise of 9 members:

- The LDC Chair (who will be Chair of the LIFE-AR Board;

- The LIFE-AR Technical Lead;
- Representatives (3) of LDCs (see paragraph 3.2 below);
- Representatives (3) of the Development Partners (see paragraph 3.3 below); and
- Host Board Member (1).

The LDC Chair will invite up to 3 LDC countries to each nominate representatives to become LIFE-AR Board members to represent the LDCs as a whole, and to set up constituency arrangements to maintain regional representation on the LIFE-AR Board, including with FRCs.

The LDC Chair will invite up to 3 Development Partners to each nominate a representative to become members of the LIFE-AR Board and to set up constituency arrangements with wider Development Partners. This means that Development Partners may agree that one Development Partner will represent a number of Development Partners in a “constituency”. The Development Partners in the constituency will meet in advance of LIFE-AR Board meetings to discuss issues that will be considered at the LIFE-AR Board meeting and reach a consensus view on them. This allows more Development Partners to be fully represented in LIFE-AR Board matters without increasing the size of the LIFE-AR Board.

Any LIFE-AR Board member may appoint as its alternate any other LIFE-AR Board member, or any other suitably qualified person approved by the LIFE-AR Board member’s appointing organisation, by giving at least 7 days’ notice in writing to the chair of the LIFE-AR Board (with copy to the Secretariat) of the appointment prior to the first meeting that the alternate will attend. The alternate will have the same rights and responsibilities as the LIFE-AR Board member, including the right to speak and vote at the meeting in place of the LIFE-AR Board member. The LIFE-AR Board member shall be responsible for ensuring that its alternate LIFE-AR Board member has a copy of the relevant LIFE-AR Board papers and is properly briefed on the roles and responsibilities of the LIFE-AR Board and the individual LIFE-AR Board members.

The Host Board Member will be a trustee of IIED and not a staff member of IIED. The Host Board Member will serve on the LIFE-AR Board in order to ensure IIED’s support for LIFE-AR’s purpose and to ensure that IIED’s reputation is protected in relation to its acting as the initial host of LIFE-AR. The Host Board Member will not have responsibility for the oversight of IIED’s performance as Secretariat provider, as this would be a Conflict of Interest.

The LIFE-AR Board may invite observers to its meetings on such conditions as may be determined by the members of the LIFE-AR Board from time to time.

The LIFE-AR Board members will serve for a maximum of two terms of up to 3 years each ie a maximum of 6 years with a further extension of up to a maximum of 3 years in exceptional circumstances to support effective succession planning.

3 AUTHORITY AND ACCOUNTABILITY

Subject to Paragraph 4.2 below the LIFE-AR Board members derive their authority from, and are accountable to, their constituencies, and in particular:

1. The LDC Chair to the LDC Group under the provisions of the LDC Charter.
2. The LIFE-AR Technical Lead to the LDC Group, reporting through the LDC Chair.
3. The representatives (3) of LDCs to the LDC Group, its members and their communities, reporting through the LDC Chair; and
4. Representatives (3) of the Development Partners to the Development Partners under the terms of their funding agreements with IIED as the (interim) Secretariat.
5. The Host Board Member (1) to IIED as the current host of LIFE-AR.

The LIFE-AR Board members are required to:

1. Act collectively to balance the interests of LIFE-AR’s stakeholders with particular regard to the those of the LDCs and their communities;

2. Balance their own constituency interests with the responsibility to advance tLIFE-AR's strategic purpose; and
3. Manage any conflicts arising between their constituency interests and LIFE-AR's strategic purpose in accordance with the requirements of LIFE-AR's Conflicts of Interest Policy.

4 RESPONSIBILITIES

The responsibilities of the LIFE-AR Board include the following:

1. Oversee and provide guidance in implementation of LIFE-AR, promoting the long-term sustainable success of the initiative.
2. Approving LIFE-AR strategy implementation, objectives, delegation of responsibilities and authority across LIFE-AR's activities.
3. Review and approve annual work plans and budgets for the implementation of LIFE-AR.
4. Approve FRCs moving into the next phase of LIFE-AR implementation.
5. Approving and supporting the scale-out of the LIFE-AR Strategy.
6. Tracking progress of the scale-out and its alignment with the LDC 2050 Vision.
7. Ensuring accountability across LIFE-AR's activities.
8. Oversight of contractual obligations entered into by IIED on behalf of LIFE-AR pending establishment of a stand-alone LIFE-AR legal entity.
9. Oversight of LIFE-AR's funding strategy.
10. Reporting to the LIFE-AR stakeholders.
11. Establishing the Secretariat and the ToR for the Secretariat.
12. Establishing LIFE-AR's purpose, developing the LIFE-AR Strategy, structure, and values, and ensuring the necessary resources are in place to meet LIFE-AR's objectives, and measuring [whose?] performance against the objectives.
13. Establishing and reviewing a robust and effective risk management system for LIFE-AR, which shall include the SOP; an internal controls system to manage cultural, ethical, risk and reputation matters (including operational risks e.g. people, process, systems and external events, reputational risk and strategic risk) and compliance with all applicable laws, regulations and policies.
14. Overseeing, reviewing, monitoring LIFE-AR's risks and risk management activities, systems, policies and procedures; risk management system including:
 - a. Establishing LIFE-AR's risk register at LIFE-AR Board level and ensuring that risks are managed in accordance with good practice across the LIFE-AR Initiative;
 - b. Overseeing the monitoring and appropriate escalation (and de-escalation, if appropriate) of emerging risks and major changes in risks on an on-going basis; and
 - c. Approving the levels of insurance for the LIFE-AR legal entity once established, including directors' and officers' liability insurance, and indemnification of LIFE-AR Board members.

5 DECISION-MAKING AND MEETINGS OF THE LIFE-AR BOARD

The LIFE-AR Board shall meet on tri-annual basis (once in every four months) and the meetings shall be convened by the LDC Chair acting as chair of the LIFE-AR Board, or in exceptional circumstances by any other member of the LIFE-AR Board. The Chair of the LIFE-AR Board may convene special meetings as and when required.

Meetings may be conducted face to face or from separate locations by telephone or other online electronic means which allows those to participate effectively.

Meetings will be held in English with interpretation provided if requested by a member whose first language is not English.

Meetings must be called with at least 7 Business Days' written notice (specifying the matters to be discussed at the meeting and the means by which the members will communicate) unless all the members agree, or urgent circumstances require shorter notice.

The quorum for holding meetings of the LIFE-AR Board shall be two-thirds of its total members to include representative of all stakeholder groups:

- 2 representatives of LDCs (or their alternates);
- 2 representatives of the Development Partners (or their alternates); and
- the Host Board Member (or its alternate).

The LIFE-AR Board will endeavour to make decisions by consensus. Where a vote is required, the LIFE-AR Board will make decisions by simple majority which must include 2 representatives of the LDCs and at least 2 representatives of the Development Partners voting in support of the decision. In case of an equality of votes, the chair of the LIFE-AR Board shall have a second or casting vote.

The LIFE-AR Board may delegate responsibilities to the Secretariat or such person(s) or committee(s) as deemed necessary, except in relation to the following matters:

1. Approval of LIFE-AR Strategy and business plan;
2. Approval of annual accounts, annual budget and reports;
3. Approval of changes to the constitutional documents of any legal entity established by LIFE-AR to support the delivery of its activities;
4. Approval of SOP, including LIFE-AR's Safeguarding Policy;
5. Reviewing and approving responses to any HSES (including safeguarding) incident or complaint;
6. Approval of the results framework;
7. Approval of risk appetite statement and policy;
8. Approval of new Development Partners;
9. Confirmation that the LIFE-AR Board is satisfied that new Delivery Mechanisms meet the requirements of the SOP;
10. Oversight of LIFE-AR performance; and
11. Any decision likely to have a significant or material impact on LIFE-AR from a financial, operational or reputational perspective.

The LIFE-AR Board shall adopt and review at least annually a delegation of authority framework showing the responsibilities of the LIFE-AR Board and the Secretariat. Subject to Paragraph 6.7 any matters delegated to the Secretariat Director as head of the Secretariat shall be recorded in the delegation of authority approved by the LIFE-AR Board from time to time.

6 CONFLICTS OF INTEREST

The declaration of Conflicts of Interest will be a standing item at the beginning of every meeting of the LIFE-AR Board.

If a member finds that any personal or professional interest that could conflict with their duty to act only in the best interests of the LIFE-AR Board, the member shall declare the conflict or potential conflict to the LIFE-AR Board as a whole and ensure that any Conflict of Interest does not prevent the LIFE-AR Board making a decision in the best interests of the LIFE-AR Initiative.

7 RISK MANAGEMENT

The LIFE-AR Board will consider risk management issues from a strategic perspective, and also reflect on risk matters from the financial, operational, impact, regulatory, conduct, governance and HSES (including safeguarding) and reputational perspective.

The LIFE-AR Board will adopt a risk appetite policy and approve on an annual basis the risk appetite and risk management statement. This will include setting high level parameters such as key principles, key metrics and key expectations as to exposure including to a single development.

8 REPORTING

The Secretariat shall report to the LIFE-AR Board at each LIFE-AR Board meeting on all matters within the Secretariat's responsibility including the matters listed below.

- Progress towards achievement of LIFE-AR's strategic goals including LDC 2050 Vision and LDC Offer and Ask;
- Financial and operational performance and risk and compliance; and
- Any other matters as requested by the LIFE-AR Board.

The LIFE-AR Board will report to the LDCs and the Development Partners annually on:

- Progress towards achievement of LIFE-AR's strategic goals including LDC 2050 Vision, and the LDC Offer and Ask.
- Financial and operational performance as well as risk and compliance.

9 TRANSPARENCY

The of the LIFE-AR Board will receive access to all LIFE-AR Board minutes and minutes of meetings of committees of the LIFE-AR Board.

The minutes of all LIFE-AR Board meetings (subject to exclusion of confidential matters as determined by the LIFE-AR Board acting in good faith and in accordance with applicable law) will be made available to all LDCs and Development Partners and be published on LIFE-AR's web page.

Annex 2B: Technical Working Group - Terms of Reference

1 ESTABLISHMENT AND PURPOSE OF THE TWG

The LIFE-AR Board wishes to establish a TWG to:

1. Provide advice, expertise and support to the LIFE-AR Board on technical matters relating to the implementation of the LIFE-AR Strategy; and
2. Provide technical input to the LIFE-AR Board papers being shared with the LIFE-AR Board prior to their finalisation; and
3. Delegate responsibility for specific tasks as needed.

The LIFE-AR Board shall ensure that the TWG has adequate resources and authority to discharge its responsibilities.

The TWG is advisory only, and shall have no delegated authority from the LIFE-AR Board unless such authority is expressly delegated by the LIFE-AR Board in accordance with the Scheme of Delegation.

2 MEMBERSHIP

The TWG shall be composed of the LIFE-AR Technical Lead, FRC representatives, representatives of Development Partners, LDC Strategic Advisors, and the Secretariat Director.

The TWG members shall, on an annual basis, provide written declarations to the TWG stating they do not have any Conflicts of Interest that would preclude them from being Members of the TWG.

The LIFE-AR Technical Lead shall be the chair of the TWG.

Members of the TWG are expected to:

- Commit the time needed to study and understand any papers provided to the TWG;
- Apply good analytical skills, objectivity, and good judgement; and
- Express opinions frankly, ask questions that go to the core of the issue and pursue independent lines of enquiry.
- Commit to the LIFE-AR Principles:

Work together jointly on a shared and equal platform. LDCs and the international community come together as equals through LIFE-AR to openly discuss, co-create and share solutions to address the climate challenges that we face across our respective countries. LIFE-AR will enable us to build trust, transparency and mutual accountability, and present the opportunity to outline joint solutions to some of our greatest challenges, including the transaction costs of accessing support and the need to develop the climate capabilities of LDC institutions.

Invest behind integrated, holistic and ambitious climate planning across whole of society. We will work with the whole of society to integrate climate (adaptation, mitigation and resilience) into national and local development objectives and plans. We have initiated work on long term strategies under the Paris Agreement

in a number of LDCs, and we ask the international community to do the same, to ensure a collective response that puts the world on a pathway towards a 1.5°C world, along a climate resilient pathway, by 2020.

Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030. We will work jointly together to strengthen Delivery Mechanisms to ensure that all proposals and projects commit to spend at least 70% of the funds on the communities where climate impacts are most felt. These Delivery Mechanisms will enable vertical integration with government systems from national to local level and horizontal collaboration across different sectors, enabling devolved community-led decision-making that integrates community knowledge with the best technical advice.

Work at the pace of individual LDCs, aiming to build long term national and local institutions, systems, structures and capabilities. We will work jointly together at the pace and direction set by individual LDCs under this shared LIFE-AR 2050 Vision, seeking to move away from a pace that is determined and set externally, achieving greater national ownership. This will enhance in-country expertise, build strong local institutions, and stimulate whole-of-society responses, with a special focus on women, youth and other marginalized groups. We will also work closely with the LUCCC, and other LDC institutions in-country, to develop tomorrow's leaders and national experts, investing in capabilities, curricula, training, research and knowledge.

Leave no country and no one behind. At LDC level, we commit to work together to find solutions for the most fragile states and countries that are often left behind in the fight against climate change, seeking ways to overcome challenges, learning together and building capabilities to deliver the SDGs, and Paris Agreement, Sendai and Aichi Commitments, to ensure that LDC governments continue to show leadership. At individual level, 'leaving no one behind' will mean that we create more inclusive governance policies and institutions with principles that put the furthest behind first and sustainably address the underlying causes of poverty and vulnerability. We shall challenge social barriers that exclude and limit people's potentials as we focus on gender transformation and social justice. We will work with women and the youth, who comprise the highest population in most developing countries and yet are the poorest. We will engage national ministries and local governments, private sector, non-governmental organisations, cities and communities, to improve climate decision-making, build a strong foundation of trust, break down silos and encourage collaboration. We call on other development partners to do the same.

3 ROLES AND RESPONSIBILITIES

3.1 General

- The TWG is directly responsible and accountable to the LIFE-AR Board for the exercise of its responsibilities. In carrying out its responsibilities, the TWG Members shall at all times recognise that primary responsibility for LIFE-AR rests with the LIFE-AR Board.
- The role and responsibilities of the TWG may be revised or expanded in consultation with, or as requested by the LIFE-AR Board from time to time.
- The TWG will work closely with the Secretariat, and review all papers submitted by the Secretariat to the TWG for review prior to submission to the LIFE-AR Board and provide any comments on the papers in writing to the Secretariat within 2 weeks of receiving the papers.

3.2 LIFE-AR Platform

Portfolio & Strategy Review

- Advise the LIFE-AR Board on performance across the LIFE-AR Initiative against agreed key performance indicators approved by the LIFE-AR Board;
- Advise the LIFE-AR Board on changes to the LIFE-AR Strategy and engage with the LIFE-AR Technical Lead and Secretariat Director to guide and support the LIFE-AR overall strategy formulation process;
- Examine key themes across the LIFE-AR Initiative periodically;
- Provide support and advice to the Technical Lead and Secretariat Director on tactical and strategic issues across the LIFE-AR Initiative; and

- Provide strategic and political advice to the LIFE-AR Board to facilitate successful attainment of LIFE-AR's goals and objectives.

Annual budget

- Review LIFE-AR expenditure across the LIFE-AR Initiative based on the LIFE-AR reporting framework;
- Undertake a mid-year budget review with the LIFE-AR Technical Lead and Secretariat Director as part of the annual cycle of reporting.

Annual workplan

- Review annual workplan and discuss key issues with the LIFE-AR Technical Lead and Secretariat Director

Quarterly reports

- Review quarterly reports and discuss key issues with the LIFE-AR Technical Lead and Secretariat Director as needed.

Annual reports

- Review annual reports and discuss key issues with the LIFE-AR Technical Lead and Secretariat Director

Monitoring, Evaluation and Learning (“MEL”)

- Advising on the development of an overarching plan that supports learning across the FRCs.

4 ATTENDANCE AT MEETINGS AND QUORUMS

The TWG shall meet at least three (3) times in a year, and otherwise shall meet as often as required to perform its responsibilities (noting the requirement that each meeting shall take place three weeks before each LIFE-AR Board Meeting if possible, as set out in paragraph 6).

The chair of the TWG may convene a meeting as may deemed necessary or may do so if requested by the LIFE-AR Board or by another TWG Member.

Quorum for TWG meetings shall be [8] members including the LIFE-AR Technical Lead (1), FRC representatives (3), Development Partner representatives (2), LDC Strategic Advisors (1), and the Secretariat Director (1).

Meetings may be held in person, by telephone or by video conference.

The TWG shall agree a meeting plan, including scheduled meeting dates and agenda items each year. The meeting plan will cover all of the TWG's responsibilities as detailed in this ToR.

The TWG may invite members of the LIFE-AR Board and the LDC Advisors Group to attend TWG meetings to participate in specific discussions or provide strategic briefings to the TWG as may be determined by the TWG chair and/or the chair of the LIFE-AR Board.

5 SECRETARIAT

The LIFE-AR Secretariat shall ensure the agenda for each meeting and supporting papers are circulated at least one (1) week before the meeting.

The Secretariat will also ensure minutes of the meetings are prepared and maintained. Minutes will be circulated to the TWG Members within seven (7) working days from the date of the meeting. The minutes, once approved by the TWG Members, will be circulated to the LIFE-AR Board.

6 REPORTING

The TWG shall meet three weeks before each LIFE-AR Board meeting where possible.

The chair of the TWG shall be responsible for ensuring that key actions taken, and significant matters discussed by the TWG are reported to the LIFE-AR Board on a regular basis.

The TWG may also bring to the attention of the LIFE-AR Board any matters that require attention in between LIFE-AR Board meetings.

The TWG shall otherwise report to the LIFE-AR Board on its activities in such form and frequency as required by the LIFE-AR Board.

7 CONFLICTS OF INTEREST

The TWG shall comply with the Conflicts of Interest Policy.

TWG Members must have no direct financial or personal interest in the activities funded by LIFE-AR. It is the responsibility of each potential or existing TWG Member to declare to the TWG any interests which may be relevant to these activities as soon as possible upon becoming aware of the same. Where a material Conflict of Interest is judged to exist by the TWG Member, the relevant TWG Member should be replaced by his/her appointing institution with an unconflicted nominee.

In the event that any Conflict of Interest exists or is likely to exist at any time between any appointing institution and LIFE-AR (an “**Institutional Conflict**”) then such TWG Member shall declare such Institutional Conflict to the TWG as soon as possible following the awareness of the same and shall abstain in respect of any vote relating to the subject matter of the relevant Institutional Conflict.

8 INDUCTION

New TWG Members will receive relevant information and briefings following their appointment to assist them to meet their responsibilities in the TWG.

9 REVIEW OF ACTIVITIES AND TERMS OF REFERENCE

The TWG will at least once and annually in consultation with the LIFE-AR Board and the Secretariat:

1. Review its activities; and
2. Review these Terms of Reference.

Any substantive changes to these Terms of Reference will be recommended by the TWG and formally approved (or rejected as the case may be) by the LIFE-AR Board.

Annex 2C: Performance Management Policy

1 INTRODUCTION

This Performance Management Policy:

- Supports effective empowered performance management across LIFE-AR against LIFE-AR's objectives and priorities;
- Aims to support the Business Unusual approach; and
- Supports the LIFE-AR Principles.

In this Performance Management Policy, “objectives” describe the overall objectives of the LIFE-AR and the National Platforms, and “goals” describe the goals of the networks of teams and individuals engaged in delivering against which their performance will be monitored.

The table below shows how the Performance Framework supports the LIFE-AR Principles.

LIFE-AR principle	How the Performance Framework supports the LIFE-AR principles
1. Work together jointly on a shared and equal platform.	LIFE-AR and National Platform objectives and priorities are communicated clearly and transparently with the teams and individuals engaged in delivering LIFE-AR. Team and individual goals and performance indicators are developed, discussed frequently, and monitored as a team against the LIFE-AR and National Platform objectives and priorities.
2. Invest behind integrated, holistic and ambitious climate planning across whole of society.	LIFE-AR works as a collaborative network of teams and individuals. Team and individual goals and performance indicators are linked to the climate planning priorities, and shared openly and transparently across whole of society.
3. Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030.	Team and individual goals are aligned to the LDC 2050 Vision and shared objectives and priorities including the shared goal of 70% finance flows supporting action on the ground in LDCs by 2030.
4. Work at the pace of individual LDCs, aiming to build long-term national and local institutions, systems, structures and capabilities.	National Platforms set their own objectives. Team and individual goals and performance indicators are SMART and are developed and owned by the teams responsible for delivery against the national objectives.

5. Leave no country and no one behind.

Lessons learned from monitoring performance are shared rapidly and collaboratively so that all countries and communities benefit from the collaborative learning.

The Performance Management Policy is not intended to provide an additional system within LIFE-AR for measuring and gathering results. It does not substitute for the MEL Plan. Rather, it allows the teams and individuals working across LIFE-AR activities to take a consistent approach to manage performance effectively by setting goals and monitoring and improving performance against these, remedying underperformance, and sharing lessons learned.

It is an essential characteristic of the LIFE-AR empowerment approach that the teams and individuals delivering LIFE-AR themselves will be engaged in setting their goals and monitoring performance against these.

The standards and benchmarks set out in this Performance Management Policy should be used to guide the setting of the goals and indicators for monitoring performance of the activities of all teams and individuals engaged in LIFE-AR activities.

The Secretariat will provide support to the teams within National Platforms in benchmarking their own performance frameworks against the standards and benchmarks set out in this Performance Management Policy.

2 SCOPE AND GOVERNANCE

This Performance Management Policy applies to LIFE-AR Participants.

The LIFE-AR Board is accountable for the performance of LIFE-AR including:

1. Setting overall objectives and priorities for LIFE-AR, and supporting National Platforms in delivering against their national objectives and priorities;
2. Ensuring that all teams and individuals working to deliver LIFE-AR's objectives:
 - a. Have clearly defined goals aligned to the delivery of the LIFE-AR 2050 Vision;
 - b. Put in place appropriate performance indicators to monitor the delivery against the goals and priorities;
 - c. Engage stakeholders on a 360° basis, in particular citizen communities in monitoring performance in accordance with a citizen community engagement plan to be developed by the Secretariat in consultation with National Platforms;
 - d. Address underperformance and in a way that empowers and motivates teams and individuals engaged in delivering LIFE-AR; and
3. Ensuring that all reports provided to LIFE-AR's stakeholders on performance enable stakeholders to make informed assessments of LIFE-AR's performance.

The National Platforms will put in place their own performance management arrangements. These will be benchmarked against the standards and benchmarks set out in this Performance Management Policy.

The Table below sets out the high-level performance management arrangements for the teams and individuals delivering LIFE-AR.

LIFE-AR Team or Individual	Performance Management Responsibilities
LIFE-AR Board	•The LIFE-AR Board will set its goals and priorities against the objectives and priorities of LIFE-AR annually.

	•The LIFE-AR Board will develop indicators for monitoring its own performance annually. •The LIFE-AR Board will review its performance against the goals on a quarterly basis taking into account 360° stakeholder feedback including from LDC citizen communities. •The LIFE-AR Board will regularly assess continuing relevance of its goals and performance indicators. •The LIFE-AR Board will identify any measures necessary to address any underperformance on an ongoing basis and share lessons learned openly and transparently.
LIFE-AR Technical Lead	•The chair of the LIFE-AR Board will agree the goals and performance indicators with the LIFE-AR Technical Lead annually. •The chair of the LIFE-AR Board and the LIFE-AR Technical Lead will review the LIFE-AR Technical Lead's performance against the performance indicators on a quarterly basis taking into account 360° stakeholder feedback including the LDC citizen communities. •The chair of the LIFE-AR Board and the LIFE-AR Technical Lead will identify any measures necessary to address any underperformance on an ongoing basis.
Technical Working Group (TWG)	•The TWG will set goals for the TWG in consultation with the chair of the LIFE-AR Board annually. •The TWG in consultation with the LIFE-AR Board will monitor performance against its goals and performance indicators on a quarterly basis taking into account 360° stakeholder feedback including from the LDC citizen communities. •The TWG in consultation with the LIFE-AR Board will identify any measures necessary to address any underperformance on an ongoing basis.
Secretariat Director	•The chair of the LIFE-AR Board and the LIFE-AR Technical Lead agree goals and performance indicators with the Secretariat Director annually against the strategic objectives and priorities of LIFE-AR. •The chair of the LIFE-AR Board and the LIFE-AR Technical Lead will review the Secretariat Director's performance against the performance indicators on a quarterly basis taking into account 360° stakeholder feedback including from LDC citizen communities. •The chair of the LIFE-AR Board and the LIFE-AR Technical Lead will identify any measures necessary to address any underperformance on an ongoing basis.
Secretariat	•The chair of the LIFE-AR Board and the LIFE-AR Technical Lead will agree goals and performance indicators for the Secretariat as whole with the Secretariat Director and in consultation with the Secretariat team annually taking into account the strategic objectives and priorities of LIFE-AR. •The chair of the LIFE-AR Board and the LIFE-AR Technical Lead will review the Secretariat's performance against the performance indicators with the Secretariat Director on a quarterly basis taking into account 360° stakeholder feedback including from LDC citizen communities. •The chair of the LIFE-AR Board and the LIFE-AR Technical Lead with the Secretariat Director will identify any measures necessary to address any underperformance on an ongoing basis.
Individual Secretariat Team Members	•The Secretariat Director or relevant line managers as appropriate will agree goals and performance indicators for each Secretariat team member annually taking into the strategic objectives and priorities of LIFE-AR. •The Secretariat Director and each Secretariat team member will review the individual team member's performance against the performance indicators on a quarterly basis taking into account 360° stakeholder feedback including from LDC citizen communities.

- The Secretariat Director and each Secretariat team member will identify any measures necessary to address any underperformance **on an ongoing basis**.

National Platforms

- The National Platform Governing Bodies will set their goals and performance indicators **annually** against the strategic objectives and the national climate finance priorities.
- The National Platform Governing Bodies will review its performance against the goals and the continuing relevance of the objectives and performance indicators on a **quarterly** basis. The LIFE-AR Board will take into account 360° stakeholder feedback including the LDC communities.
- The National Platform governing bodies will identify any measures necessary to address any underperformance **on an ongoing basis**.

3 GOALS

Teams perform best when their goals are clearly defined

The network of teams and individuals engaged in the delivery of LIFE-AR share a common vision and objectives aligned to the LIFE-AR 2050 Vision.

The Performance Management Policy seeks to support the network of teams and individuals in identifying specific goals that empower them to perform by focussing on priorities that are clearly communicated, regularly discussed and agreed.

4 PERFORMANCE INDICATORS

Performance can be monitored against objectively measurable indicators (Key Performance Indicators or 'KPIs'). KPIs are measurable metrics that allow progress against specific defined goals over time to monitor progress towards the achievement of a goal. KPIs should be SMART:

- **S**pecific
- **M**easurable (as far as possible – see 4.2 below)
- **A**chievable
- **R**ealistic
- **T**ime bound.

However, not all performance indicators have to be objectively measurable to be valuable, for example general positive feedback from stakeholders can be a valuable indicator of performance even if not objectively measured.

5 REPORTING

The Secretariat will maintain a dashboard for review by the LIFE-AR Board on a quarterly basis showing by team or individuals (how the dashboard is to be prepared to be determined by the relevant line managers in consultation with their teams) as applicable:

- Goals
- Performance indicators
- Any identified underperformance
- Agreed measures to address underperformance
- Lessons learned

The Secretariat will work with all the teams and individuals in sharing lessons learned for the implementation of the Performance Management Policy to enable performance management to improve continuously throughout the LIFE-AR Initiative.

Each National Platform will maintain a dashboard (the Secretariat will prepare a template to guide the dashboard design) of goals, performance indicators and progress against these.

Annex 2D: Approach to Naming and Approval of Governance Documents

1 PURPOSE

The purpose of this note is to:

1. Set out LIFE-AR's approach to the content, naming and approval of its governance documents; and
2. Allow the LIFE-AR Board to consider whether, and under what conditions, it is willing to delegate the approval of amendments to any of its governance documents with a view to reducing the administrative burden on the LIFE-AR Board.

2 BACKGROUND

The LIFE-AR **Governance Policy** (SOP Chapter 2) [\[Link\]](#) provides that the Board shall ensure that all governance documents are reviewed, and if necessary, updated on an appropriate periodic basis.

The **LIFE-AR Board Terms of Reference** provides that the LIFE-AR Board may delegate certain responsibilities, but may not delegate, amongst other things, approval of changes to:

1. The constitutional documents.
2. The Standard Operating Procedures.

3 APPROACH TO NAMING AND APPROVAL

The table in Annex 1 - LIFE-AR Approach to Naming and Approval of Governance Documents sets out:

1. The categories of LIFE-AR's governance documents; and
2. LIFE-AR's approach to the naming and approval of the governance documents (and changes to the governance documents).

The LIFE-Board may wish to make exceptions where it considers that the categorisation should not be followed. Such exceptions should be recorded in Annex 1.

The proposed categorisation and approval requirements are shown below.

Document Type	Approval Authority
1. Constitutional	LIFE-AR Board approval
2. Policy	LIFE-AR Board approval
3. Procedures	Secretariat Director approval

4 ISSUES LOG

LIFE-AR is keen to encourage innovation and to learn from experience. Everyone engaged in LIFE-AR activities is encouraged to share lessons learned; and share feedback in how the SOP operates in practice. The Secretariat will keep a log of such issues raised so that these can be considered when the SOP and other governance documents are reviewed. Amendments may be made at any time with the approval from the appropriate approval authority.

5 NAMING AND APPROVAL OF LIFE-AR DOCUMENTS

Document Type	Document	Linked Documents	Review (Time from approval of the relevant document)	Approval Authority
Constitutional Documents				
	Constitution of LIFE-AR ¹²		Not < than every 5 years	LIFE-AR approval Board

Document Type	Activity	Linked Documents	Review	Approval Authority
Policy				
SOP	Code of Conduct	Code of Conduct	After 1 year and thereafter not < than every 3 years	Board approval
		Transparency Policy [Link] .	Not < than every 3 years	Board no objection
		Safeguarding Policy [Link]	Not < than every 3 years	Board no objection
		Anti-Corruption and Integrity Policy [Link]	Not < than every 3 years	Board no objection
		Whistleblowing Policy [Link]	Not < than every 3 years	Board no objection
		IFC Performance Standards ¹³ [Link] .	Not < than every 3 years	Board no objection

¹² Once LIFE-AR entity established

¹³ International Finance Corporation Performance Standards on Social and Environmental Sustainability. The Board of LIFE-AR cannot make changes to the IFC Performance Standards. The Board will therefore review the applicability of the IFC Performance Standards rather than amend them.

	Governance	Governance Policy	After 2 years and thereafter not < than every 3 years	Board approval
		LIFE-AR Board TOR [Link]	Annual	Board approval
		Technical Working Group TOR [Link]	Annual	Board approval
		Performance Management Policy		
		Naming and Approval Review of Governance Documents		
		Secretariat Director TOR	Annual	Board approval
	Secretariat Processes	N/A See Procedures		
	Granting	Granting Policy	After 2 years and thereafter not < than every 3 years	Board approval
		LIFE-AR Empowerment Due Diligence Checklist	Not < than every 3 years	Board no objection
		Guidance on the Use of Grants vs Contracts	Not < than every 3 years	Board no objection
	Procurement	Procurement Policy	After 3 years and thereafter not < than every 3 years	Board approval
	Financial Management	Finance Manual	After 2 years and thereafter not < than every 3 years	Board approval
	Risk Management	Risk Management Policy	After 3 years and thereafter not < than every 3 years	Board approval
		Risk Appetite Statement [Link]	Annual	Board approval
		Risk Register	Annual	Board approval
	Audit and Compliance	Audit and Compliance Policy		

		Internal Audit Charter	After 3 years and thereafter not < than every 3 years	Board approval
	Reporting	Reporting Policy	After 3 years and thereafter not < than every 3 years	Board approval
	Communications	Communications Policy	After 3 years and thereafter not < than every 3 years	Board approval
	National Platforms	SOP Chapter 10 - National Operating Procedures Manual	After 2 years and thereafter not < than every 3 years	Board approval

Document Type	Activity	Linked Documents	Review	Approval Authority
Procedures				
SOP	Code of Conduct	N/A		
	Governance	N/A		
	Secretariat Processes	N/A See Procedures	Not < than every 3 years	Secretariat Director
	Granting	LIFE-AR Empowerment Due Diligence Checklist [Link]	Not < than every 3 years	Secretariat Director
	Procurement	Supply chain map template [Link]	Not < than every 3 years	Secretariat Director
		Procurement and transparency thresholds [Link]	Not < than every 3 years	Secretariat Director
	Financial Management	Financial Management Procedures		
	Risk Management	N/A		
	Audit and Compliance	N/A		

	Reporting	Quarterly Financial Report [Link]	Not < than every 3 years	Secretariat Director
		Incident Notification Report template [Link]	Not < than every 3 years	Secretariat Director
	Communications			
	National Platforms	Draft TOR for the development of National Operating Procedures Manual [Link]	Not < than every 3 years	Secretariat Director

Annex 2E: Interface between LIFE-AR Platform and National Platforms

1 INTRODUCTION

1.1 Purpose

The purpose of this note is to outline the interface between the LIFE-AR Platform and each National Platform by setting out the nature of the relationship and the points at which they must engage.

1.2 Background

LIFE-AR's vision is for LDCs to deliver climate-resilient development pathways by 2030 and net-zero emissions by 2050 to ensure LDC societies, economies and ecosystems thrive. Fundamental to the LIFE-AR Initiative is that it is LDCs that define, drive and lead delivery of the LIFE-AR 2050 Vision.

Consistent with LIFE-AR's ethos, each LDC will find its own solutions and develop its own governance arrangements and business processes to implement its LIFE-AR activities, building on what they already have, including developing National Platform operating procedures that support the LIFE-AR principles.

1.3 LIFE-AR Platform

The LIFE-AR Platform comprises the various components that make up LIFE-AR and allow it to support the LDCs in strengthening capabilities to deliver climate finance at the local level. These include the LIFE-AR Board and LDC Chair, the LIFE-AR Technical Lead, the Technical Working Group and Secretariat as well as the network of LDC strategic advisers supporting peer learning through the community of practice, and the legal structure and governance and operating framework within which these entities implement LIFE-AR's activities.

1.4 National Platform

The governance structure in each LDC for the delivery of climate finance at the local level is referred to as the "National Platform". These include the LDC's preferred delivery and financial management arrangements. National Platforms may take different forms and may be formed through a consortium of partners or through a lead coordinating partner – and these could be a Project Implementation Unit ("PIU"), NGO, international organisation, government delivery unit or independent entity, such as a national development bank or national fund – who collectively create the oversight and delivery partners of the agreed Delivery Mechanism by which finance and other resources are governed and invested behind local priorities (e.g. devolving climate funds to local government, social protection mechanisms or enterprise support) and its institutional and operating arrangements.

2 INTERFACE BETWEEN THE PLATFORMS

2.1 Functions of different tiers

The key functions of the different tiers of the Initiative are shown in the following diagram which is included in the Governance Chapter of the SOP.

	LIFE-AR Platform	National Delivery Platform	Delivery Partners
<i>Role</i>	☐ Oversight of LIFE-AR initiative ☐ Approve LIFE-AR strategy ☐ Approve LIFE-AR budget ☐ Approve LIFE-AR annual plans ☐ Technical support to national partners planning ☐ Oversee implementation of LIFE-AR activities ☐ Approve risk appetite ☐ Oversee risk management, compliance and audit ☐ MEL and financial reporting to stakeholders	☐ Oversight of national platform ☐ Approve national platform strategy ☐ Approve national platform budgets ☐ Approve national platform annual plans ☐ Oversee implementation of national platform activities ☐ Approve risk appetite ☐ Oversee risk management, compliance and audit ☐ MEL and financial reporting to stakeholders	☐ Implementation of activities ☐ Support budget preparation, manage budget ☐ Procurement processes and contract management ☐ Reporting to national partner (financial, compliance, outcomes)
<i>Due diligence</i>	☐ Due diligence	☐ Empowerment due diligence ☐ Situational analysis ☐ Financial consultancy ☐ On-going smart compliance, monitoring and auditing	☐ Empowerment due diligence ☐ Empowerment action plans ☐ On-going smart compliance, monitoring and auditing
<i>Funding instrument</i>	☐ Grant funding	☐ Grant Funding	☐ Grant or contract

The diagram is helpful in suggesting the various interlinkages that exist between the different tiers. These linkages are essential in ensuring that the Initiative is coherent and coordinated.

2.2 Nature of the relationship

The relationship between the LIFE-AR Platform and each of the National Platforms is multi-dimensional and involves:

- LDC leadership
- Grantee-Grantor partnership
- Empowerment Performance Management

LDC leadership

The LDC 2050 Vision for LIFE-AR is led by the LDCs and it is they who will lead the delivery of LIFE-AR. It is the LDCs themselves who are designing the procedures they will ultimately follow, in partnership with the LIFE-AR Development Partners, against benchmarks agreed in partnership at the LIFE-AR Board level.

Grantee-grantor partnership

The LIFE-AR Platform will make grants to National Platforms. This aspect of the relationship will be governed by a standard grant agreement which sets the terms and conditions of the funding from LIFE-AR to the National Platform.

The LIFE-AR Platform will have fiduciary responsibility for the funds it receives from ? and must ensure that there are adequate procedures in place to tackle fiduciary risk, with good oversight to ensure funds are properly used, and deliver impact to the communities in the LDCs.

Empowerment Pathway

The LIFE-AR Platform will also seek to strengthen the systems and procedures adopted by the National Platforms (especially those which are also used by governments) to support them to build a track record of sound financial management of climate finance.

The SOP will provide the framework for supporting each LDC's Empowerment Pathway. This pathway has at its core an approach to identifying the capability strengthening requirements (if any) of National Platforms and Delivery Partners through an Empowerment Due Diligence approach, and to the provision of support to build capability and capacity where it is required through Empowerment Action Plans, together with the required oversight.

2.3 Touchpoints

The SOP set out the operating procedures for LIFE-AR. They outline how the LIFE-AR Platform will be managed and how it will interact with National Platforms. It also includes standards & benchmarks, which National Platforms will be expected to follow.

The SOP include a number of areas where the LIFE-AR Platform and the National Platforms must interact. These have been called “touchpoints” and a checklist of the key formal ones is attached as the Annex. The main areas where these occur are set out in the SOP Chapters on:

- Governance
- Granting
- Risk Management
- Audit & Compliance
- Financial Management
- Performance Management

In addition, there will be regular informal interactions between the LIFE-AR Platform and the National Platforms through consultations, engagement, or simply as part of day-to-day working practices. The checklist in the Annex does not cover these informal interactions.

National Platforms must ensure that these touchpoints are built into their operating procedures and that there is a mechanism to ensure that they then comply with those procedures.

3 CHECKLIST OF FORMAL TOUCHPOINTS

The table below lists the formal touchpoints where the LIFE-AR Facility and the National Platforms must interact and the key activities to be undertaken by both.

Touchpoint	LIFE-AR Platform	National Platform
1. Application to become new FRC (and receive establishment grant)	Review application against criteria Approve (LIFE-AR Board)	Wide-ranging engagement with stakeholders Prepare application Submit application
2. Memorandum of Understanding with FRC	Develop jointly Approve	Develop jointly Approve
3. Workplan & Budget and transition to Test & Evolve Phase	Review workplan & budget Approve transition to Test & Evolve Phase (LIFE-AR Board)	Wide-ranging engagement with stakeholders Prepare workplan & budget Submit workplan & budget
4. Workplan & Budget and transition to Scale-Up Phase	Review workplan & budget Approve transition to Scale-Up Phase (LIFE-AR Board)	Wide-ranging engagement with stakeholders Prepare workplan & budget Submit workplan & budget
5. Responses to Empowerment Due Diligence preliminary questions and checklist	Review Assess	Wide-ranging engagement with stakeholders Prepare Submit
6. Empowerment Action Plan (before transition to Test & Evolve Phase) as part of grant agreement	Develop jointly Approve	Develop jointly Approve
7. Grant agreement (including Empowerment Action Plan)	Develop (standard format) Approve	Approve
8. Disbursement request to Secretariat	Approve Disburse funds	Prepare Submit
9. Quarterly finance & risk report from National Platform	Review Note	Prepare Submit

10. Six-monthly output report	Review	Prepare
	Note	Submit
11. Annual report	Review	Prepare
	Note	Submit
12. Peer learning report	Review	Prepare
	Note	Submit
13. Annual workplan & budget (including quarterly cash flow)	Review	Prepare
	Approve	Submit
14. Budget variance explanations (10% or more <u>and</u> more than £10k)	Review	Prepare
	Note	Submit
15. Budget revisions (10% or more and more than £10k) and material changes to project/grant (National Platform is “Adequate”)	Review	Prepare
	Approve	Submit
16. Budget revisions (10% or more and more than £10k) and material changes to project/grant (National Platform is “Strong”)	Review	Prepare
	Note	Submit
17. Annual financial statements	Review	Prepare
	Note	Approve
18. External auditor (TORs)	Review	Prepare
	Note	Approve
19. External auditor (appointment)	Note	Procure
		Approve
20. Risk appetite statement	Review Note	Wide-ranging engagement with stakeholders
		Prepare
		Approve
21. Risk register	Review	Wide-ranging engagement with stakeholders
	Note	Prepare

	Incorporate key risks into Risk Register	Approve
22. National Platform operating procedures	Subject to Empowerment Due Diligence	Prepare Approve
23. Annual compliance certificate	Review	Prepare Submit

Annex 3A : Grants and Contracts

1 INTRODUCTION

At any stage in the planning and implementation of LIFE-AR's activities, the Secretariat and National Platforms will need to engage others to help deliver LIFE-AR activities. There are a range of options for doing this including:

- Providing **grant** funding to:
 - A not-for-profit partner.
 - Partner government, government department or agency of government.
 - An international organisation.
- Procurement of a Supplier under a **contract for services**, for the supply of goods, works or services.
- Investing using a financial instrument such as a loan, equity or a guarantee.

This guidance focuses on **grants and contracts**. It does not focus on other instruments such as a loan, equity or a guarantee.

It is important to note that:

- The legal definition of a **grant** or a **contract** will vary from country to country. Procurement laws will also differ from country to country.
- Local legal advice should be taken where there is any doubt as to whether an agreement is a grant or a contract.
- Grants and contracts are treated differently for tax purposes (e.g. VAT (or equivalent) may apply on a contract but not on a grant).

This guidance is provided to assist everyone working on the LIFE-AR Initiative with the criteria by which they should choose between engaging:

1. Suppliers.
2. Grantees (eg National Platforms or other grant funded Delivery Partners).

The guidance is for use in many different countries. It does not therefore reflect the laws of any particular country. Local legal advice should be taken if there is any doubt about whether to choose a grant or a contract.

The guidance also sets out the Secretariat's policy on choosing between granting and procurement when engaging National Platforms and other grant funded Delivery Partners, and Suppliers.

2 WHEN TO CHOOSE A GRANT OR A CONTRACT FOR SERVICES?

2.1 Grants

As a general rule:

- Grants are used when engaging not-for-profit Delivery Partners unless the not-for-profit Delivery Partner is in reality providing a commercial service.
- National procurement laws do not apply to grants.

Other national legal and policy considerations may apply to the award of grants, for example, government accounting rules.

Principle

- National laws apply
- When engaging **not for profit** organisations for projects proposed by them, **grants** will typically be used. The conditions of the grant will be set out in a grant agreement which will include:
 - The amount of the grant and how the grant will be disbursed.
 - Conditions on how the grant may be used and expected outcomes.
 - The roles and responsibilities of the “Grantor” and “Grantee”.
 - A requirement to return any unspent grant funds to the Grantor.

Practices

- In cases where the correct choice is not obvious, legal procurement advice should be taken
- Care should be taken to ensure that the grant agreement is drafted as a grant and not as a contract for the supply of services.

3 CONTRACTS

As a general rule:

- Contracts are used to engage for-profit partners.

Standards

- National laws apply
- When engaging a **Supplier** to deliver goods, works or services against a statement of requirements (terms of reference or specification) **defined by the purchaser in return for payment**, a contract will typically be used. The terms and conditions of the contract will include:
 - The amount to be paid for the goods, works or services
 - A description of what the Supplier is required to deliver
 - The roles and responsibilities of the parties, “buyer” and Supplier”

Benchmarks

- In cases where the correct choice is not obvious legal procurement advice should be taken.
- Care should be taken to ensure that the contract clearly defines the responsibilities of the parties

4 GRANT FUNDED DELIVERY PARTNERS AND SUPPLIERS

4.1 Grant Funded Delivery Partners

The following are grant funded Delivery Partners:

1. The LIFE-AR Platform once established as an LDC owned legal entity.
2. IIED acting as Secretariat.
3. The National Platforms.
4. Other grant funded Delivery Partners chosen by the National Platforms.

The National Platforms and other grant funded Delivery Partners are not-for-profit organisations that will be delivering climate finance on behalf of the LDCs government ‘on budget’, but outside government systems. Once the national governments have strengthened their capabilities through the LIFE-AR empowerment process, LIFE-AR’s and other climate funds will pass through government systems. The National Platforms and grant funded Delivery Partners are performing a function of government.

Delivery Partners will be funded by grants in accordance with **Chapter 3- Granting Policy**.

4.2 Suppliers

Suppliers are any person or organisation engaged by the LIFE-AR Platform, National Platforms or other Delivery Partners to deliver goods, works or services against a statement of requirements (terms of reference or specification) defined by the LIFE-AR Platform, National Platforms or other Delivery Partners in return for payment.

Suppliers will be procured in accordance with **Chapter 4- Procurement Policy**

5 TRANSPARENCY

The principle of transparency applies equally to the selection of a Delivery Partner or a Supplier. Guidance on transparency is set out in **Annex 1a of Chapter 1 - Transparency Policy**.

6 COMPETITION

Competitive processes should be considered in the context of grants as well as procurement. Detailed guidance on when competitive selection processes should be used for grant funding is set out in **Chapter 3 – Granting Policy**.

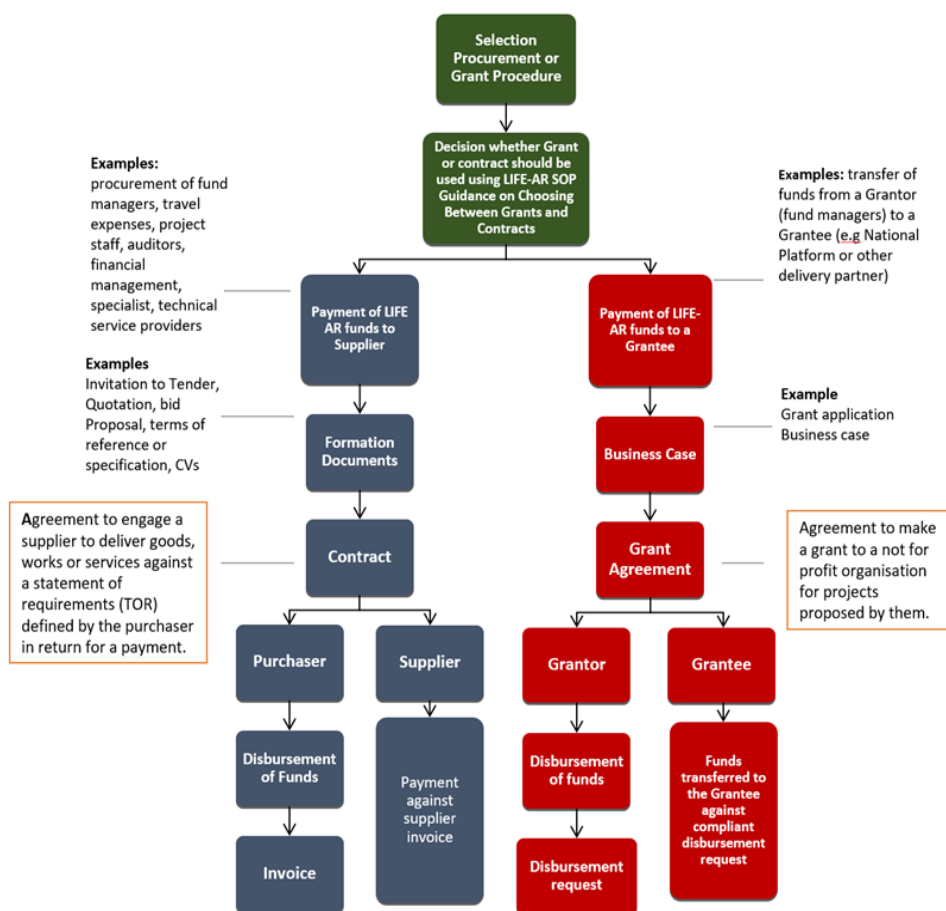
7 NEXT STEPS

Once a decision has been made on whether to use a grant or a contract for goods, works or services the guidance set out in the relevant SOP chapter should be followed to ensure that the grant award or procurement process is conducted in accordance with LIFE-AR best practice:

1. For Grants - Chapter 3 - Granting Policy.
2. For Contracts - Chapter 4 - Procurement Policy will apply.

The process for choosing between grants and contracts is shown in Figure 1 below.

Figure A1: Choosing between Grants and Contracts



Annex 4B: Procurement and Transparency

Thresholds for Secretariat

LIFE-AR Secretariat			
Estimated value of procurement	Method of procurement	Approval to issue contract	Publication (tender notice and contract award notice)
Goods and non-consultancy services			
Up to £4,999	Direct selection (without competition)		Contract Award Notice
£5,000 up to £49,999	Restricted tender (limited competition)		Contract Award Notice
Greater than £49,999	Open tender (open competition)		Tender notice and Contract Award notice
Consultancy			
Up to £19,999	Direct selection (without competition)		Contract Award Notice
£20,000 up to £49,999	Restricted tender (limited competition)		Contract Award Notice

LIFE-AR Secretariat			
Estimated value of procurement	Method of procurement	Approval to issue contract	Publication (tender notice and contract award notice)
Greater than £49,999	Open tender (open competition)		Tender notice and Contract Award notice
Works			
Not applicable			
Not applicable			
Not applicable			

Annex 4C: Procurement and Transparency

Thresholds for National Platforms

LIFE-AR National Platform			
Procurement value	Method of procurement	Approval to issue contract	Publication (tender notice and contract award notice)
As set out in the LDCs national procurement legislation	Direct appointment		
	Restricted tender (limited competition)		
	Open tender (open competition)		
As set out in the LDCs national procurement legislation	Direct selection (without competition)		
	Restricted tender (limited competition)		
	Open tender (open competition)		

LIFE-AR National Platform			
Procurement value	Method of procurement	Approval to issue contract	Publication (tender notice and contract award notice)
As set out in the LDCs national procurement legislation			
	Restricted tender (limited competition)		
	Open tender (open competition)		

Annex 5A: Financial Management Principles and Practices for National Platforms

INTRODUCTION

These financial management principles and practices:

- Underpin financial management by LIFE-AR's Delivery Partners.
- Have been approved by the LIFE-AR Board.
- Apply to all Delivery Partners and Suppliers
- Will be incorporated into each funding agreement between:
 - LIFE-AR and a National Platform;
 - a National Platform and a Delivery Partner or Supplier.

1 FUNDING AGREEMENT

- 1.1 The terms and conditions of a grant from LIFE-AR to a National Platform and any on-granting by a National Platform to a Delivery Partner or Supplier shall be set out in an agreement called a "Funding Agreement". The Funding Agreement shall be in a standard format developed by the Secretariat and approved by the LIFE-AR Board.
- 1.2 Each Funding Agreement shall be signed by a duly authorised representative of each party.
- 1.3 Each Funding Agreement shall include a Programme Budget which shall represent the financial limit of LIFE-AR's contributions to the National Platform. The Programme Budget shall be analysed by year.
- 1.4 Each Funding Agreement shall include as an Annex an Empowerment Action Plan (if required) which shall be developed jointly with the National Platform following Empowerment Due Diligence commissioned by LIFE-AR. The Empowerment Due Diligence will consider the maturity of the National Platform's fiduciary systems which will determine the timeframe over which the National Platform is ready to receive funding directly from LIFE-AR.

2 GOVERNANCE

- 2.1 Each National Platform shall have a clear legal status and be properly established in the relevant LDC.
- 2.2 Each National Platform shall have a documented governance structure which sets out clear responsibilities and articulates decision making powers and accountabilities.

3 AUDIT AND FINANCIAL STATEMENTS

- 3.1 Each National Platform shall prepare annual financial statements which shall comply with International Financial Reporting Standards.
- 3.2 Contributions from LIFE-AR to the National Platform shall be clearly identifiable in the National Platform's financial statements or shall be presented in separate, stand-alone financial statements.
- 3.3 The annual financial statements of the National Platform shall be subject to annual audit by a competent and independent external auditor. Where applicable, the external auditor shall be the body designated in the Constitution or in legislation or regulations. Where no such body is not designated, the external auditor shall be selected competitively and appointed for a period of no more than six years.
- 3.4 The National Platform shall respond to all issues raised by the external auditor and shall regularly (at least quarterly) track implementation of all recommendations made by the external auditor.
- 3.5 The annual audited financial statements (including the audit opinion), the auditor's management letter, and the document tracking implementation of external audit recommendations shall be submitted to LIFE-AR.

4 INTERNAL AUDIT

- 4.1 The National Platform shall have a competent, suitably empowered and adequately resourced internal audit function which shall assess the operation of internal controls in the National Platform on an ongoing basis.
- 4.2 The head of internal audit of the National Platform shall have direct access to the senior-most governance structure of the National Platform.

5 BUDGETING AND FINANCIAL MANAGEMENT

- 5.1 The National Platform shall use a well-controlled accounting system to record all financial transactions and to produce useful and reliable financial management information.
- 5.2 The National Platform shall submit an annual budget to LIFE-AR analysed by quarter, by project, and by subjective code. The annual budget shall be in the format of a standard template developed by LIFE-AR.
- 5.3 The National Platform shall submit a quarterly report to LIFE-AR setting out the actual expenditure incurred as at the date of the report and the physical progress of project implementation and milestone achievement.
- 5.4 The quarterly report shall highlight and explain any variances from the agreed budget and/or workplan of more than 10%. The quarterly report shall also set out any proposed changes to the approved annual budget.
- 5.5 LIFE-AR may undertake any checks it thinks fit to verify expenditure included in the quarterly report, including commissioning a full expenditure verification or other type of audit.

6 DISBURSEMENTS

- 6.1 Disbursements from LIFE-AR to the National Platform shall be in accordance with the payments schedule set out in the Funding Agreement (as amended from time to time).
- 6.2 Disbursements shall be milestone-based. LIFE-AR shall seek evidence to confirm the achievement of the particular milestone(s) upon which the request is made.

6.3 Disbursements shall be made by LIFE-AR by direct bank transfer within two weeks of receipt of a valid payment request.

7 VALUE FOR MONEY

7.1 The National Platform shall ensure that the LIFE-AR resources it is given are used properly and achieve VFM in accordance with section [5.16] of Chapter [5].

8 DELIVERY PARTNERS AND SUPPLIERS

8.1 LIFE-AR and the National Platform agree that the ambition is for the majority of funding to the National Platform to be passed on to local Delivery Partners and Suppliers who will implement projects at a local community level.

8.2 The National Platform shall select Delivery Partners and Suppliers in accordance with Chapter 3 (Granting Policy) and Chapter 4 (Procurement Policy).

9 FRAUD, BRIBERY AND CORRUPTION

9.1 LIFE-AR and the National Platform shall comply with Chapter 1 of the SOP (Code of Conduct).

9.2 Any suspicion of fraud, bribery or corruption concerning LIFE-AR funds which comes to the attention of the National Platform shall be reported to the National Platform's Head of Internal Audit and the Secretariat Director within 48 hours.

10 TRUST AND TRANSPARENCY

10.1 LIFE-AR and each National Platform agree to collaborate closely and work together towards the common aims of LIFE-AR. They agree that their relationship will be characterised by a trust, transparency, openness and good faith and in accordance with Chapter 1 of the SOP (Code of Conduct).

Annex 6A: Risk Appetite

Category	Averse	Minimal	Cautious	Open	Eager
Partnership				✓	
Programme design					✓
Implementation					✓
Reputation			✓		
Governance			✓		
People		✓			
Finance and Compliance				✓	
Processes			✓		

TO BE COMPLETED ONCE CATEGORIES AND APPETITE CONFIRMED

Category	Explanation
Partnership	
Programme design	
Implementation	
Reputation	
Governance	
People	
Finance and Compliance	
Processes	

Annex 6B: Risk categories and indicative risks

Risk category	Indicative risks (including references to LIFE-AR Principles)
Relationships	1 Work together jointly on a shared and equal platform LDCs do not feel true ownership of LIFE-AR Development Partners are unwilling to move away from traditional roles towards a partnership of equals Development Partners are unable to reduce requirements for reporting and fiduciary controls imposed on LIFE-AR Erosion of confidence of Development Partners as a result of poor management or aid diversion Slow pace of implementation leads to frustration and erosion of trust in LIFE-AR
Programme design	2 Invest behind integrated, holistic and ambitious climate planning across whole of society 3 Leave no country and no one behind Whole of society approach does not work Piecemeal, short-term initiatives are preferred to unpalatable options Development Partners cannot commit to long-term funding Impact reduced by being too ambitious and consensual Countries are very different and “one size fits all” approach reduces impact
Implementation	4 Commit to a shared goal of 70% finance flows supporting action on the ground in LDCs by 2030 5 Work at the pace of individual LDCs, aiming to build long term national and local institutions, systems, structures and capabilities LDC delivery mechanisms remain weak despite LIFE-AR support Faith in funding at local level is undermined by aid diversion Local funding results in resources being spread too thinly thereby reducing impact Differential pace creates tension amongst LDCs Slow pace of implementation leads to frustration and loss of belief in LIFE-AR Capacity building is undermined by aid diversion, resource shortages, political interference, etc Not being able to demonstrate impact to households and communities

Reputation	Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.
Governance	Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
People	Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.
Finance and Compliance	Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting. Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.
Processes	Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired delivery, non-compliance and/or poor value for money.

Numbered references are to the five LIFE-AR Principles.

Annex 7A: Internal Audit Charter

1 INTRODUCTION

This Charter sets out the principles upon which the LIFE-AR Internal Audit unit will be established, the authority which it has will be granted by the LIFE-AR Board, and guidelines for how it shall operate.

This Charter aligns with guidance from the Institute of Internal Auditors (IIA).

This Charter has been approved by the LIFE-AR Board.

2 MISSION

The mission of the Internal Audit unit is to help the LIFE-AR Board and Secretariat protect the assets, reputation and sustainability of LIFE-AR and to improve its operations. Internal Audit does this by providing an independent, objective assessment of the adequacy and effectiveness of LIFE-AR's internal control environment.

3 VISION

The LIFE-AR Internal Audit unit:

- Is LIFE-AR's trusted adviser on risk and internal control.
- Plays the role of LIFE-AR's "critical friend" by offering positive challenge and making constructive recommendations.
- Assists management and the LIFE-AR Board in their management of risk.
- Aims to follow international best practice at all times.

4 PURPOSE

Internal Audit's purpose is to provide independent and objective assurance, advice and insight on the design and operational effectiveness of LIFE-AR's framework of risk management, internal control, and governance to assist the LIFE-AR Board, the Audit Committee, management and employees in the effective discharge of their responsibilities.

The primary objectives of Internal Audit are to:

1. Deliver a comprehensive programme of internal audit activities which support LIFE-AR in relation to effective corporate governance, risk management and internal control.
2. Examine and evaluate the adequacy and effectiveness of systems of risk management and internal control across LIFE-AR and challenge management to improve risk management where required.
3. Provide reasonable assurance that all significant risks are being identified, reported and managed and that appropriate controls are in place.
4. Assess the adequacy and effectiveness of internal controls across LIFE-AR's operations.
5. Deliver value-adding, high quality audits in a timely manner in accordance with IIA Standards.
6. Conduct investigations into cases of alleged financial irregularity, fraud or other complaints.

7. Continually improve the audit function's efficiency and effectiveness and provide for the development of internal audit staff.

5 AUTHORITY AND INDEPENDENCE

The Internal Audit unit derives its authority and independence from the LIFE-AR Board.

The Head of Internal Audit (HIA) reports functionally to the chair of the Audit Committee but administratively to the Secretariat Director. To ensure the independence of the Internal Audit unit, staff of the unit report to the HIA.

The Audit Committee shall appoint and, where necessary, dismiss the HIA. The chair of the Audit Committee shall set objectives for the HIA and conduct their performance appraisals.

The HIA has full and free access to the chair and members of the Audit Committee. HIA has the right to attend all key management decision making bodies.

The Audit Committee will evaluate the performance of the Internal Audit unit annually and will, at its discretion (but at least every four years), commission an independent external quality assurance review of the function.

Internal Audit unit staff shall have full, free and unrestricted access to all activities, records (in both paper and electronic format), property, personnel and decision-making fora within LIFE-AR.

Internal Audit has unencumbered access to all National Platforms and to third parties performing services delegated to them by LIFE-AR in accordance with the terms of relevant grant agreements and contracts.

In performing its functions, Internal Audit shall have no direct authority over any of the activities it reviews. It shall not design or implement procedures, prepare records or engage in any other activity that it would normally review and appraise and that may compromise its independence and objectivity.

Subject to approval by the Audit Committee, Internal Audit has the authority to allocate resources, select audits, determine scope of work and apply the techniques required to accomplish audit objectives. Internal Audit may obtain necessary assistance from personnel in LIFE-AR where they perform audits, as well as other specialised services as necessary. Internal Audit must remain free from undue interference by any element of LIFE-AR including in matters relating to audit selection, scope, procedure, frequency, timing and the content, conclusions and opinions of its reports.

The HIA shall report to the Audit Committee any instances where Internal Audit's independence has been compromised, where agreement cannot be reached with management on recommendations made by the HIA, or where, in the opinion of the HIA, the resources provided to the unit are inadequate to enable it to fulfil its responsibilities.

6 SCOPE OF WORK

All LIFE-AR's activities fall within the remit of Internal Audit, including financial and non-financial systems of internal control and all areas of risk relating to LIFE-AR's assets, reputation and sustainability. The work of Internal Audit may also cover third-parties performing services delegated to them by LIFE-AR depending upon contractual arrangements.

Internal Audit has within its scope the design and operating effectiveness of LIFE-AR's internal processes and structures including (but not limited to) the following:

1. The process for the setting of risk appetite by the LIFE-AR Board and management, and the process for monitoring adherence to this, as well as the process by which risks are identified, analysed and managed;
2. The risk and control culture of LIFE-AR including "tone from the top" and related behaviours;
3. The controls established by management to manage key business processes, including LIFE-AR's first and second lines of defence. In dealing with second line of defence functions, Internal Audit shall

assess the adequacy and effectiveness of these functions to support an informed judgement as to the extent to which it is appropriate to take account of their work.

4. The reliability and integrity of management information, including financial and operational information, including information presented to the LIFE-AR Board and senior management for decision-making and the related processes and controls;
5. The effectiveness and efficiency of operations;
6. The safeguarding of assets (both tangible and intangible); and
7. Compliance with LIFE-AR policies, plans and procedures and with relevant legislation and regulations.

Internal Audit may provide consulting and advisory services to add value and improve LIFE-AR's operations and the value for money it achieves in the use of its resources.

Direct responsibility for the design and implementation of new processes and systems is not within the scope of Internal Audit.

It is not the role of the Internal Audit function to prevent or detect fraud; that remains the responsibility of line management. Internal Audit can assist management in the discharge of their responsibilities for fraud management through the provision of independent assurance on the effectiveness of the processes in place to manage the risk of fraud and, where appropriate, to investigate possible incidents of fraud.

7 INTERNAL AUDIT RESPONSIBILITIES

In delivering its scope of work, the Internal Audit Unit shall:

1. Conduct its work in accordance with the Standards for the Professional Practice of Internal Auditing and the Code of Ethics promulgated by the IIA as well as other professional auditing standards and regulations that may be applicable. Internal Audit will maintain up to date policies, procedures and performance measures and will implement a rigorous quality assurance process.
2. Develop an Annual Internal Audit Plan using a risk-based methodology that considers risks or internal control concerns identified by the Audit Committee, management or Internal Audit. The Annual Internal Audit Plan should focus on higher risk areas and should be submitted to the Audit Committee for review and approval before the start of the relevant year.
3. Review the Annual Internal Audit Plan and adjust it as appropriate throughout the year (with the agreement of the chair of the Audit Committee) to reflect any unplanned events or new and emerging risks so that it remains relevant given changes in the LIFE-AR's risk profile or business processes. All agreed changes to the Annual Internal Audit Plan should subsequently be brought back to the next Audit Committee meeting for approval.
4. Regularly report on progress against delivery of the Annual Internal Audit Plan, highlighting any significant departures from the approved plan to senior management and the Audit Committee. Also present to, and provide reports to, other LIFE-AR Board committees as appropriate.
5. Secure a budget and manage resources to deliver the programme set out in the approved Annual Internal Audit Plan.
6. Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter. In performing their duties, internal auditors must exhibit the highest standards of professional objectivity and must always exercise due professional care. As required, in-house skills will be supplemented by external resources where specific subject matter expertise is required to deliver an audit to the required standard.
7. Consult with management on the specific ToRs for individual audit projects before reviews commence.
8. Identify and report significant issues relating to processes involved in the control of key LIFE-AR activities, including improvements required to those processes detailing the related remedial actions, owners and implementation dates.

9. Discuss draft reports with relevant managers and secure agreement to any identified internal control improvement action plans.
10. Issue a final report and provide it, or a summary thereof, to the senior executives accountable for the activity reviewed, the owners of internal control improvement action plans identified in the report, the Audit Committee, and the External Auditor.
11. Regularly communicate and co-ordinate with others providing assurance services, including the External Auditor, to ensure the overall assurance effort is managed efficiently and effectively. This will ensure that an integrated approach is taken to the overall assurance effort so that duplication is avoided and any gaps in coverage are identified and managed. As part of this, Internal Audit may audit the work of other LIFE-AR functions providing assurance to assess the adequacy of that work and to enable reliance to be placed on their work as appropriate.
12. Provide a periodic update to senior management and the Audit Committee on the results of the audit work undertaken and any significant internal control weaknesses identified, together with mitigating actions, related owners, accountabilities and timescales. This reporting should include, at least annually, an assessment of overall effectiveness of the governance, risk and control framework of LIFE-AR and the themes and trends arising from internal audit work and their impact on the LIFE-AR's risk profile.
13. Have an open, constructive and co-operative relationship with relevant regulators and ensure regular communication and sharing of information with the external auditors.
14. Regularly follow up and report to the Audit Committee and senior management team on management's action plans to determine if internal control improvements have been implemented as agreed.
15. Receive reports of incidents or allegations of fraud, safeguarding breaches, or other wrongdoing in accordance with SOP Reporting Chapter 8 and report same to the LIFE-AR Board.
16. Track progress on resolving reports referred to in o) above and report quarterly to the LIFE-AR Board on same.
17. Provide an independent investigative service to enable allegations of major malpractice or wrongdoing to be dealt with quickly and appropriately.
18. Serve as subject matter experts for internal controls in the development of new processes.
19. Perform special projects requested by the Audit Committee or by management (after approval by the chair of the Audit Committee).

8 MANAGEMENT RESPONSIBILITIES

To enable Internal Audit to deliver its responsibilities, LIFE-AR management shall:

1. Provide Internal Audit with full support and co-operation at all levels of operations.
2. Provide Internal Audit with complete and timely access to all records, property, personnel, meetings and decision-making fora.
3. Provide accurate, relevant and complete data, information, documentation, responses and any other pertinent information to Internal Audit in support of internal audit reviews. Management will act co-operatively and will collaborate in assisting Internal Audit with their examinations.
4. Review and comment on audit reports in a timely manner.
5. Provide action plans for all recommendations in Internal Audit reports and execute these action plans in accordance with agreed implementation dates.

The Internal Audit review and appraisal process does not in any way relieve other persons in the LIFE-AR of the responsibilities assigned to them. Management is responsible for ensuring the adequacy of the design and effectiveness of internal controls. Responsibility for complying with policies and procedures, as well as correcting deficiencies, rests with respective process owners and management.

Annex 7B: Environmental and Social Standards

TO BE FINALISED

LIFE-AR will review internationally recognised standards (especially those adopted by IFC and the World Bank) and determine how they can most usefully be applied in the LIFE-AR context.

Annex 7C: Annual Certificate of Compliance

LIFE-AR- PROJECT

ANNUAL CERTIFICATE OF COMPLIANCE

Reporting Period	[e.g. 1 January 2024 – 31 December 2024]	Date Submission of	[DD Month YYYY]	
Entity	[Full legal name of Government Entity]	Country	[Country Name]	

Dear [Name of LIFE-AR Secretariat Director],

I certify that, to the best of my knowledge, having carried out reasonable enquiries, I am satisfied that [Name of Government Entity] has complied with its [Name of Operating Procedures] for the reporting period specified above.

I have set out below how I have satisfied myself that [Name of Government Entity] has complied with its [Name of Operating Procedures], including a summary explanation of the measures that have been taken to substantiate this certificate.

BASIS OF CERTIFICATION

Describe the enquiries and procedures undertaken to support this certification. Include references to any reviews, audits, spot-checks or assessments conducted during the reporting period.

Nature and Scope of Enquiries Undertaken

[Provide a description of the enquiries and procedures carried out, e.g. internal audits, management reviews, spot-checks, consultations with staff, review of financial records, etc.]

Key Findings

[Summarise the main findings arising from the enquiries, including any areas of strength and any issues identified.]

Corrective Actions Taken (if applicable)

[Detail any corrective actions taken during the period to address non-compliances or weaknesses, or state 'Not applicable'.]

COMPLIANCE SUMMARY

Complete the table below indicating the compliance status for each key area of the Operating Procedures. Add or remove rows as appropriate.

Compliance Area	Summary of Evidence / Measures Taken	Status
Code of Conduct	[Describe measures taken, e.g. staff training completed, declarations signed]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Governance Policy	[Describe board meetings held, quorum maintained, ToR followed, etc.]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Granting Policy	[Describe grant cycle adherence, due diligence processes, approval decisions]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Procurement Policy	[Describe procurement processes followed, thresholds observed, transparency notices issued]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Financial Management	[Describe financial controls, reporting, segregation of duties, reconciliations]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Risk Management	[Describe risk register maintenance, escalation of issues]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Audit & Compliance	[Describe internal/external audits conducted and findings addressed]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Reporting Requirements	[Describe timely submission of activity and financial reports]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Safeguarding Policy	[Describe safeguarding measures, incidents reported and resolved]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Anti-Corruption & Integrity	[Describe anti-corruption controls, declarations of interest reviewed]	[Compliant / Partially Compliant / Non-Compliant / N/A]
Other: [Specify]	[Add further areas as required by the Operating Procedures]	[Compliant / Partially Compliant / Non-Compliant / N/A]

QUALIFICATIONS OR EXCEPTIONS

If there are any areas where full compliance has not been achieved, detail them here along with any planned remedial actions and timelines. If there are none, state 'None.'

Yours sincerely,

<i>Signature</i>	<i>Official Stamp / Seal (if applicable)</i>
Name: <i>[Full Name of Authorised Signatory]</i>	
Title / Position: <i>[Job Title]</i>	
On Behalf Of: <i>[Name of Government Entity]</i>	
Date: <i>[DD Month YYYY]</i>	

Annex 8A: Six-Monthly Activity Report

FIND THE LINK BELOW FOR THE SEMI-ANNUAL REPORTING TEMPLATE

[**LIFE-AR Semi Annual Report Template.docx**](#)

Annex 8B: Quarterly Finance & Risk Report (National Platform)

FIND THE LINK BELOW FOR THE QUARTERLY FINANCE REPORTING TEMPLATE

[Countries Quarterly Financial Report.xlsx](#)

FIND THE LINK BELOW FOR THE QUARTERLY RISK REPORTING TEMPLATE

[LIFE-AR Country Risk Register EN.xlsx](#)

Annex 8C: Quarterly Finance & Risk Report (Consolidated)

**FIND THE LINK BELOW FOR THE QUARTERLY CONSOLIDATED REPORTING
TEMPLATE**

[LIFE-AR Consolidated Risk Report.xlsx](#)

Annex 8D: Annual Report

FIND THE LINK BELOW FOR THE ANNUAL REPORTING TEMPLATE

[LIFE-AR_Annual_Report_Template_final.docx](#)

Annex 8E: Annual Financial Statements

LIFE-AR- PROJECT

ANNUAL FINANCIAL STATEMENTS

PURPOSE AND SCOPE

This Annex sets out the template and guidance for the Annual Financial Statements required from the LIFE-AR Secretariat and each National Platform under Section 8.5 of the LIFE-AR Standard Operating Procedures (SOP). The statements must be prepared in compliance with International Financial Reporting Standards (IFRS) and International Auditing Standards, and must be submitted to the Secretariat (or the LIFE-AR Board, as applicable) within six months of the end of the relevant financial year.

The Annual Financial Statements serve as the primary tool for financial accountability within the LIFE-AR Platform. They provide the LIFE-AR Board, Development Partners, and other stakeholders with a true and fair view of the financial position and performance of each reporting entity.

Entities Required to Submit

- LIFE-AR Secretariat (on behalf of the LIFE-AR Platform)
- Each National Platform, for activities funded by LIFE-AR
- Where a National Platform is part of a larger legal entity, LIFE-AR-funded activities must be presented as either a clearly identifiable segment within the parent entity's statements or as separate stand-alone financial statements.

Financial Year

The LIFE-AR financial year runs from 1 April to 31 March. National Platforms operating under different national financial years should consult the Secretariat to agree on a reconciliation approach.

Compliance Requirements

- International Financial Reporting Standards (IFRS)
- International Standards on Auditing (ISA)
- Relevant national statutory requirements of the jurisdiction of each reporting entity
- Terms of the Contribution Agreements between Development Partners and LIFE-AR

MINIMUM REQUIRED CONTENTS

In accordance with Section 8.5 of the SOP, the Annual Financial Statements must include, at a minimum, the following components:

#	Component	Description
1	Balance Sheet (Statement of Financial Position)	Shows assets, liabilities and net assets/fund balances of the entity at the financial year-end date.
2	Income and Expenditure Statement	Details all income received and expenditure incurred during the financial year, with comparative figures for the prior year.
3	Statement of Cash Flows	Summarises cash inflows and outflows from operating, investing and financing activities.
4	Statement of Changes in Equity / Fund Balances	Explains movements in the entity's net assets or reserves during the year.
5	Notes to the Accounts	Provides detailed disclosure supporting all line items in the statements, including accounting policies and significant judgements.
6	Accounting Policies	A clear statement of the basis of preparation and the principal accounting policies applied consistently with IFRS.
7	External Auditor's Opinion	Signed, independent audit opinion issued in accordance with International Standards on Auditing.
8	Management Representation Letter	Confirmation by management that the statements present a true and fair view.
9	Auditor's Management Letter	External auditor's letter to management identifying any internal control weaknesses or areas for improvement, together with management's response.
10	Audit Recommendations Tracker	A document tracking implementation of all external audit recommendations (per Annex 5A, Section 3.4).

Annex 8F: Incident Notification Report

1 INTRODUCTION

LIFE-AR requires that a report be submitted when certain types of incident occur concerning LIFE-AR staff, National Platforms Suppliers and Grantees.

The types of incident which should be reported are:

- Fraud, corruption, or other wrongdoing (such as allegations of corruption in the award of contracts or the falsification of an expense claim)
- Safeguarding incidents (such as allegations of sexual harassment or racial abuse)
- Environmental incidents (such as the negative environmental impact of a building project)
- Health and safety incidents (such as an accident in a National Platform office in which a member of staff is injured)

If you are uncertain whether to report, it is recommended to report to ensure that no incidents go unreported.

You should submit your report using this template.

Please complete this report as far as you are able. Do not worry if not all details are known at this early stage, it is more important that reports are timely rather than comprehensive.

Please submit this report to:

This report must be submitted within 48 hours of the organisation becoming aware of the incident.

2 INCIDENT NOTIFICATION

Information required	Response
Date of submission	
Person submitting this report	
Country	
Contact details of person submitting this report (email and telephone)	
Date when organisation/person became aware of incident	
Date of incident	
How did the organisation/person become aware of the incident	
Type of incident being reported (please highlight one)	• Fraud, corruption, or other wrongdoing • Social safeguarding • Environmental safeguarding • Health and safety • Other
Outline description of incident	
Estimated financial loss (if any)	
Have the police or other authorities been informed?	
Proposed next steps (including timelines)	

Annex 10A: Draft Terms of Reference for the Development of Operating Procedures for a LIFE-AR National Platform

1 PROJECT BACKGROUND

To date, responses to climate change have often been short-term, projectised and sectoral, with limited impact due to climate action requiring long term, cross-sectoral and multi-level support. In addition, climate responses have often been defined and led externally and not by the Least Developed Countries (LDC) themselves, limiting opportunities for long-term capacity building and the building of LDC systems.

To overcome the pressing and unprecedented challenge of climate change, the LDCs have launched their 2050 Vision for a climate resilient future: all countries to be on climate-resilient development pathways by 2030 and deliver net-zero emissions by 2050. One initiative to support LDCs in achieving this vision is called the LDC Initiative for Effective Adaptation and Resilience (LIFE-AR). This will be LDC led and driven, ensuring climate action is in line with LDC needs and priorities.

LIFE-AR is a 10-year initiative to support LDCs to strengthen their approaches to climate resilience and support learning between countries. The LIFE-AR Platform will initially work closely with a group of six “front-runner countries” (FRCs) who are ready to commit to the changes required to deliver the Vision. The front-runner countries will develop, strengthen, and operationalise their own long-term climate resilient and low emission strategies and build on the core development interventions in country.

In the future LIFE-AR will be housed in a new platform to be established and managed by the LDCs to be called “the LDC Platform”. IIED has been providing support to the LDCs on climate change for over 20 years, including technical advice, training and capacity strengthening for its members and leaders. The LDC Group considered the options for a partner to support the interim period before the LDC Platform is fully operational, and selected IIED to act as the interim secretariat for LIFE-AR.

Within their role of interim secretariat, IIED will provide support to (i) the establishment of the global LDC Platform that will take over providing the secretariat for the implementation of the initiative and the management of the funding; while (ii) also identifying interim measures for getting funds into each FRC quickly while developing, with the FRC, a more sustainable, long-term mechanism that strengthens existing public finance management systems to enable countries to gain direct access to LIFE-AR funding from the LDC Platform thereby creating a track record for gaining direct access to global climate finance.

2 PURPOSE

LIFE-AR commissioned a review of options for the legal and management structures of the LIFE-AR National Platform in [enter LDC country]. [enter name of contracted firm] was contracted to conduct a situational analysis and recommend a preferred delivery mechanism for implementing LIFE-AR in [enter LDC country].

[add details of the situational analysis recommendations to establish a National Platform]

To ensure effective implementation of the LIFE-AR initiative in [enter LDC country] which is in line with LIFE-AR Standards and Benchmarks, it will be important for the business procedures of the National Platform to be clearly articulated in a **National Platform Operating Procedures (NPOP or “the Manual”)**.

Therefore, [enter name of the ministry] (“Client”) is now seeking consultancy support from a consultant/consulting firm (“Consultant”) to lead the development of the NPOP for the LIFE-AR National Platform in [enter LDC country].

Before funding is released to the National Platform, the LIFE-AR Secretariat will commission an Empowerment Due Diligence assessment of the National Platform’s procedures (including the Manual). It is therefore essential that the Manual is fully compliant with the standards and benchmarks that guide LIFE-AR’s business processes (“the LIFE-AR Benchmarks”). These are set out in LIFE-AR’s Standard Operating Procedures (“SOP”)

3 SCOPE OF WORK

The scope of work for this consultancy for the Consultant to:

1. Desk review of:
 - LIFE-AR Strategy
 - most recent Public Expenditure and Financial Accountability (PEFA) /Heavily Indebted Poor Countries (HIPC) reports on public financial management reform
 - The SOP and the LIFE-AR Benchmarks.
2. Conduct a diagnostic exercise to prepare for the development of the Manual, including a detailed mapping exercise to establish the extent to which procedures must comply with the following national legislation:
 - [enter as a minimum the titles of the public or other finance, procurement and audit acts]
3. Review similar manuals being used by Development Partner funded programmes across different ministries and departments within the Government.
4. Conduct interviews and/or workshops with staff in:
 - The National Platform
 - Appropriate Ministries, Departments and Agencies
 - LIFE-AR Secretariat
 - Other stakeholders
5. Develop a Manual (NPOP) that is fully compliant with the SOP and LIFE-AR Benchmarks and with applicable national legislation.
6. Prepare a risk matrix of all key fiduciary risks and identify how the procedures outlined in the Manual mitigate those risks.
7. Develop an implementation plan for the Manual including the establishment of any new systems and staff training.

4 OUTPUTS

1. An inception report setting out the work to be done, the findings from the review of legislation, a timeline, and inputs from all relevant parties (including from the Ministry) needed to deliver the assignment.

2. Workshop(s) held in **[enter name of LDC country]** to support the Ministry to agree the format and contents of the Manual.
3. Draft Manual (NPOP) to be shared with all key stakeholders for comments, including Development Partners.
4. Organisation and facilitation of a validation workshop with all necessary stakeholders.
5. Final Manual (NPOP).
6. Implementation Plan.

5 TIME FRAME

The Consultant would be needed for a total of **[enter number of days]** days of work (with at least two trips to **[enter LDC country]** if not based in **[enter LDC country]** over a **[enter number of months]** month period.

The secondment of the Government financial expertise will be arranged with the Ministry, aiming to provide a total of **[enter number of days]** days of work over a **[enter number of months]** month period to assist the Consultant.

- Reporting Requirements/ Project Organisation

The management of the consultancy will be organised as follows:

1. The Consultant shall report to the **[enter title and name]** on formal aspects of the contract, including interpretations and obligations.
2. However, for operational matters, the Consultant shall be supervised by the LIFE-AR National Focal Point in **[enter LDC country]**, **[enter name and organisation of Focal Point]**.

6 CONSULTANT'S INPUTS

The Consultant will provide the following:

- Professional personnel (with relevant professional qualifications and experience)
- Own transport for the period of the exercise
- Own secretarial services, including materials
- Own office facilities

7 SUPPORT FROM THE CLIENT

The Client shall provide the following inputs to support the Consultant in undertaking the assignment:

- Relevant documents related to the assignment and LIFE-AR project.
- A contact at the **[enter the name of the Ministry]** to work alongside the Consultant and lead the development of the Manual.
- Any other information required for the exercise in the agreed time.

8 CONSULTANT'S EXPERIENCE REQUIREMENTS

The Consultant must have:

- at least 8 years of experience of excellent financial management/accountancy;
- an understanding of Development Partner conditionality;
- a practical understanding of relevant legislation in **[enter LDC country]**;
- experience of developing user-friendly operating manuals; and
- experience of public sector training and capacity building.

9 LIFE-AR REFERENCE MATERIALS

LIFE-AR 10 years strategy

LDC Group Vision - see <http://www ldc-climate.org/wp-content/uploads/2017/12/LDC-Group-Vision-1.pdf>

The Financial Consultancy Final report **[delete if not applicable]**

The National Platform Operating Procedures Manual should cover the following items (not exhaustive):

- Governance Framework - this includes but is not limited to outlining the roles and responsibilities under the National Platform, the decision-making process, the reporting framework etc.
- Transparency Policy
- Safeguarding Policy
- Anti-corruption and Integrity Policy
- Whistleblowing policy
- HR Policy
- The applicable accounting standard
- Financial information within the Management Information System (MIS)
- Budgeting and Reporting
- Risk Management
- Performance management
- Compliance [including with Development Partner conditionality]
- Internal and external audit function. Including annual audit and financial statements
- Bank accounts including signatories
- Record keeping
- Liquidity management
- Bank reconciliation
- Processing all payment requests under contracts, funding agreements or other obligations
- Payments
- Expenses
- Treasury management
- Records management
- Procurement and grant management

Annex 10B: LIFE-AR Benchmarks Compliance Checklist

[To be developed from the Standards and Benchmarks set out in the SOP]