



LIFT Operational Guidelines

Revision 2

For Implementing Partners
and the Fund Manager

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Revision (2)

Date: June 2017



Livelihoods and Food Security Trust Fund



Preface

The LIFT Operational Guidelines (OG) were first released and shared with implementing partners in April 2011. Revision 1 (2014) to the OG takes into account the evolution of the LIFT Fund and the learning of the FMO in grant management. Revision 2 (2017) to the OG includes the new options for fund flow to the Government of Myanmar (Chapter 5.5), adds learning and accountability in the chapter on M&E (chapter 6) and reviews chapter 8 on communication and visibility.

The Operational Guidelines revision 2 and the latest versions of all annexes are available on the LIFT website <http://lift-fund.org>, under “Grants”. Changes are captured in the configuration log, Annex XI.

The revision 2 takes effect from June 2017.

Acronyms

CfP	Call for Proposals
DC	Donor Consortium
FB	Fund Board
FCA	Financial Capacity Assessment
FD	Fund Director
FM	Fund Manager
FMO	Fund Management Office
GSA	Grant Support Agreement
IAIG	Internal Audit and Investigation Group
IAA	Inter-Agency Agreement
IP	Implementing Partner
LIFT	Livelihoods and Food Security Trust Fund
MEAL	Monitoring and Evaluation for Accountability and Learning
MOA	Memorandum of Agreement
OG	Operational Guidelines
QSEM	Qualitative Social and Economic Monitoring
UNCITRAL	United Nations Commission on International Trade Law
UNGM	United Nations Global Marketplace
UNOPS	United Nations Office for Project Services

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1 Introduction to the LIFT Operational Guidelines

1.1 Purpose of the Operational Guidelines

This document describes the operational guidelines applicable to the Livelihoods and Food Security Trust Fund (LIFT) in the implementation of Fund activities.

The purpose of the operational guidelines (“OG”) is to provide guidance for the operations of the Fund Manager and implementing partners in the key processes that they are expected to undertake during implementation, either directly or through the engagement of subcontractors. The overall strategy for LIFT including its results framework is described in a separate document, the LIFT strategy ([website link](#)).

The United Nations Offices for Project Services (UNOPS) provides the LIFT Fund Management Office (hereinafter “Fund Manager or FM”) and serves as trustee of the financial resources of LIFT. The functions of UNOPS include but are not limited to disbursing financial resources, reporting on all financial and operational aspects relating to LIFT, ensuring monitoring of the implementation of activities undertaken by Implementing Partners (IPs) and fulfilling other functions, as set out in the Contribution Agreements concluded with LIFT donors.

In case of inconsistency between the OG and the grant agreement with an implementing partner, the terms of the grant agreement will prevail.

In case of inconsistency between the OG and the Fund Manager’s bilateral donor agreements, the terms of the bilateral donor agreements will prevail.

1.2 Amendments to the Operational Guidelines

To ensure they are up to date and relevant, the OG may be amended by the Fund Manager with the consent of the Fund Board. A configuration log is to be maintained to document the changes in the document.

1.3 Key Contacts

Subject	Source –contact details can be found at www.lift-fund.org
All correspondence and reports regarding the implementation of Memorandum of Agreements including but not limited to request for amendments. Via email or official letter	Fund Director LIFT Fund Manager Yangon, Myanmar
Queries on Programme Implementation	Programme Coordinator LIFT Fund Manager
Queries on monitoring and evaluation	Programme Officer – Monitoring & Evaluation LIFT Fund Manager
Queries on visibility and communications	Communications Officer LIFT Fund Manager
Queries on Operational Guidelines	Programme Support Officer LIFT Fund Manager

2 Purpose and governance of LIFT

The Livelihoods and Food Security Trust Fund (LIFT) is a multi-donor fund established in Myanmar in 2009 with the purpose of increasing the livelihoods' resilience and nutrition of poor people in Myanmar by focusing on interventions that increase income, food availability, and the utilization and stability of access to food. LIFT has received funding from 14 donors to date. Australia, Denmark, the European Union, France, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, and the United States of America. From the private sector, the Mitsubishi Corporation is also a donor to LIFT.

LIFT is active in the four main agro-ecological regions of Myanmar, including the central dry zone (Dry Zone), the Ayeyarwaddy Delta (Delta), Rakhine and the upland areas of the country (Uplands).

The group of donors, the Donor Consortium, has appointed the Fund Board to act on its behalf and has engaged UNOPS as set out above as the Fund Manager.

Eligible implementing partners include the Government of Myanmar, international and national non-governmental organizations, United Nations agencies, other international organizations, academic or research institutions and private sector companies.

2.1 Fund Governance

Donor Consortium (DC)

Each donor to LIFT will have a bilateral contribution agreement with the FM. These contribution agreements are the main mechanism through which each donor exerts fiduciary and legal authority over the funds they provide for LIFT. The overarching objective of the Donor Consortium (DC) is to provide a structured forum for donors to conduct a joint annual review of LIFT, including its achievements and challenges, its governance structure, and its main priorities for the coming year.

Fund Board (FB)

The FB is a 5-8 member decision-making executive appointed from members of the DC. The FB will act with delegated authority of the DC, as a management committee on the DC's behalf, providing strategic leadership for and oversight of the implementation of LIFT. The FB will focus on strategic decisions, policy decisions, donor coordination, building relations with the Government of Myanmar, and overall performance management of the FM. The FB also decides on the allocation of LIFT funds with guidance from the FM.

The FB is chaired on a rotational basis by a senior donor representative from the DC. The Chair of the FB is for a two-year term. The FB meets three times a year and decision-making is by consensus.

Fund Manager (FM)

UNOPS has been engaged as the Fund Manager. The FM will be responsible for effective, transparent and efficient management of the Fund on behalf of the FB, and will have delegated authority for the management of the Fund under the rules and regulations of UNOPS, and in accordance with the strategy approved by the FB.

The FM will maintain independence from all recipients of Fund support.

2.2 Code of Conduct

As the FM and the IPs accept funds from LIFT, they are accepting that the following code of conduct will be adhered to:

- Activities engaged under the Fund will be undertaken without discrimination, direct or indirect, because of race, ethnicity, religion or creed, nationality or political belief, gender, sexual orientation, disability or any other circumstances.
- The organization will take appropriate measures to prevent irregularities, fraud, corruption or any other illegal activity. All suspected and actual cases of irregularity, fraud, and corruption related to the agreement must be reported without delay, see [section 10 on fraud](#).
- The organization will take all necessary precautions to avoid conflicts of interest, and will inform the FM without delay of any situation constituting or leading to any such conflict. Any such situations within the FM must be reported without delay to the FB.
- The FM and IP have the obligation to ensure that they do not engage in, nor condone behavior, which would constitute harassment, sexual harassment, or abuse of authority.

2.3 Dispute Resolution

IPs and UNOPS shall to the fullest extent possible strive to resolve promptly and amicably questions of interpretation and application of agreements for the disbursement of funds and any disputes arising out of or in relation to disbursement agreements. The Chair of the FB may be involved as deemed necessary.

Should the IP be part of the UN system, any controversy or claim arising out of, or in accordance with agreements for the disbursement of funds which is not settled by negotiation will be resolved through consultation between the Executive Heads of each party.

Should the IP be a national government, any dispute between UNOPS and the IP arising out of or relating to agreements for the disbursement of funds which is not settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either party. Each party shall appoint 1 (one) arbitrator, and the 2 (two) arbitrators so appointed shall appoint a third, who shall be the chairman. If within 30 (thirty) days of the request for arbitration either party has not appointed an arbitrator or if within 15 (fifteen) days of the appointment of 2 (two) arbitrators the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the parties as the final adjudication of the dispute.

Should the IP be any other entity, any controversy or claim arising out of, or in accordance with, agreements for the disbursement of funds or any breach thereof shall, unless it is settled by direct negotiation, be settled in accordance with the UNCITRAL Arbitration Rules as at present in force. Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.”

Disputes or claims by third parties engaged by the IP will be dealt with by the IP and under no circumstances will the FM be held liable.

For disputes between the FM and the FB, the matter will be referred to the Donor Consortium.

3 Grant Selection and Approval

UNOPS/LIFT will aim to select its implementing partners through transparent and competitive processes. To achieve a coherent and focused programme, funding opportunities will also be considered for grants to support strategic partnerships, innovation and research. In these cases, processes may include restricted calls for proposals and consideration of unsolicited proposals.

The DC has delegated the authority to select grantees and allocate funding to the FB. The FB will decide on the process best suited to support policies and priority action areas for Fund intervention.

The FM is responsible for implementing and managing effective and efficient processes to support the FB in selecting and approving applicants.

The FB may request advice from the FM before deciding on Fund priorities and funding allocations.

3.1 Call for Proposals

Call for Proposals (CfP)

LIFT will aim to allocate the majority of its funding using open Calls for Proposals or Concept Notes. Following guidance from the FB, announcements for a CfP will be communicated through email distribution lists, the LIFT and UNOPS website and public advertising in Myanmar and English speaking publications as necessary.

The details of the CfP may vary according to the nature, complexity and value of the requirements. The selection and application criteria will be defined by the FB and included in the solicitation document.

Principles of Transparency

All personnel involved in the grant selection process on behalf of the FM will ensure that:

1. During the pre-solicitation phase, that information is available to the community at large and that there is no specific or privileged information available to particular individuals or groups;
2. During the solicitation phase, all potential applicants will receive identical information and any clarifications on solicitation documents will be provided at approximately the same time to all;
3. Individuals having a personal or financial interest in a potential applicant responding to a solicitation must declare such a position and will be prohibited from any involvement in the grant selection and approval process.

Assessment of Proposals

To conduct the assessment of submitted proposals or concept notes, an assessment team will be identified and put in place by the FM. This team may include external experts. The actual number of people on the assessment team will depend on the nature, complexity and value of the CfP. All participants in the assessment team who are non-FM personnel will sign confidentiality statements.

The assessment team will conduct a review of each proposal based upon the technical criteria defined in the solicitation document. All applications will be subject to a value-for-money assessment, a review of the evidence provided regarding the activities proposed and an analysis of the financial and organizational capacity of the submitting organisation. The FM will provide the final assessment of the technical and financial review to the FB.

Before making its final decision, the FB may seek additional information through the FM, including requests for further information from the applicants.

Approval of Proposals

The FB will instruct the FM on its final decision on the selection of successful applicants. Non-successful applicants are able to request feedback on their submissions from the FM.

Grant Negotiations

Negotiations between the FM and the applicant will take place after the selection of the applicants by the FB, and prior to the grant award. The purpose of negotiations will be to ensure clarity, consistency, and completeness of the technical and financial proposal, and to incorporate any changes specified by the FB and recommendations on good practices from the FM. Once the negotiations have come to a satisfactory result, the FM will proceed to request for an award and issue the grant agreement to the IP. The Fund Manager reserves the right to terminate the grant negotiations if a satisfactory result appears unachievable within a reasonable timeframe.

During or on completion of grant negotiation, the FM may conduct a Financial and Governance Capacity Assessment (FCA) of successful applicants. Refer to [5.3 on Financial Capacity Assessments](#).

3.2 Restricted Call for Proposals

To achieve a coherent and focused programme, the Fund will also consider grants to support strategic partnerships, innovation, policy formulation and research. In such a case, the FB may instruct the FM to issue a restricted CfP to one or more potential applicants as nominated by the FB. The selection and application criteria will be defined by the FB and included in the solicitation document. Assessment and approval of the proposals follow the same principles as open CfP.

3.3 Unsolicited Proposals

Applicants may choose to submit proposals to the Fund Manager for consideration at their own discretion.

3.4 Proposal requirements

General requirements

It is the exclusive responsibility of the applying organization to ensure that it has appropriate authority to carry out the project in Myanmar and that appropriate authorization are in place in the event of subcontracting implementation to a third party. The FM is not able to extend any assistance nor will it accept any responsibility for any such registration or authorization process.

Proposals must be submitted in English or Myanmar language.

The costs of preparing a proposal and finalizing the grant agreement including any relevant communication or travel costs are not reimbursable and cannot be included as a direct cost of the grant.

Any previous or ongoing litigation cases involving the applicant or potential conflict of interest must be declared and explanations provided.

The FM reserves the right to decline the submission of a proposal if the applicant maintains outstanding commitments related to LIFT supported activities.

Budgeting requirements

During the grant negotiations and subsequently in the grant agreement, the total budget amount for the grant is determined. The proposed budget must be in United States Dollars (USD). It needs to contain and explain the various cost factors in sufficient detail, with the following main budget headings and sub-headings (as applicable):

Budget headings	Subheadings
1. Human Resources	<ul style="list-style-type: none"> • Salaries International Staff • Salaries National Staff • Short-Term Technical Assistance • Travel related costs
2. Operational costs	<ul style="list-style-type: none"> • Transportation costs, office rental and running costs, other operational costs • Purchases of equipment and supplies for Operations
3. Programme Costs per output	<ul style="list-style-type: none"> • LIFT Output 1 • LIFT Output 2 etc.
4. Indirect costs	<ul style="list-style-type: none"> • Up to 6% of Total Direct Costs

The proposed budget is to be broken down into manageable periods (e.g. annual), which are based on the workplan of the entire project period.

Projects with a rolling design

For some projects, particularly large ones, the Fund Manager and the IP may agree a more flexible budgeting approach. In order to enable projects to learn as they go, and respond quickly to lessons by adjusting resource allocations. In these cases, an annual review of progress and allocation of resources will be done jointly by the IP and the FM to facilitate budget re-allocations or re-allocations between major headings.

Defining Direct and Indirect Costs

Direct costs are incurred costs that are:

- i. Directly attributable to the action as outlined in the 'description of action'
- ii. Specifically provided for in the approved budget,
- iii. Supported by original and verifiable vouchers for the incurred period.

Indirect costs are incurred costs that:

- i. May be overhead costs,
- ii. Do not require verifiable vouchers, and
- iii. Are calculated as a percentage against the total of incurred direct costs.

The maximum percentage for indirect costs cannot exceed 6% of the total direct costs. In partnerships and consortiums, the 6% indirect costs should normally be shared among implementing partner organizations, including local civil society organizations, proportionate to their implementation budget (6% of their total budget). Please refer to [section 3.5](#) on indirect costs management for projects with an investment fund.

3.5 Proposals with investment capital components

Proposals with a loan portfolio or investment capital are accepted as part of LIFT's broader strategy of financial inclusion. The ownership of the loan portfolio and capital remains with LIFT until the end of the project.

The IP may request to retain the amount of the capital fund beyond the termination of the agreement. LIFT will bring such request to the attention of the FB for approval. Should the FB reject the request, the IP shall return the funds within 30 days from the date of the notification of the decision by the FB or as otherwise agreed with the FB.

LIFT does not allow indirect costs on Microfinance capital funds of the proposed budget. Any organization wanting to receive indirect costs for capital funds will need to apply for it in the proposal and provide justification.

4 Grant Management

4.1 Grant agreements

The FM and the IP sign a grant agreement such as Grant Support Agreements (GSA) or Inter-Agency Agreements (IAA) for UN partners to formalize the outcomes of the proposal and negotiation phase.

The grant agreement includes standard terms and conditions with the description of action, budget and log frame attached as annexure. The IP is responsible for the achievement of outputs and objectives as stated in the annexure within set financial limits and obligations.

Where the results and outputs of the contribution funds are co-financed, it is the responsibility of the IP to make this explicit prior to approval of the grant agreement. Use of funds, budgets from the different sources and reporting requirements will be clarified in the grant agreement.

Subject to completion of grant negotiations, the grant agreement will be issued in two copies by the FM for signature by the IP. One signed copy must be returned to the FM within 30 days. The grant agreement will come into effect upon the date of signature by both parties, unless otherwise specified in the agreement.

The FM will post information on project and budget about awarded grants on the LIFT website.

4.2 Amendment of grant agreements

IPs wishing to make an amendment to their agreement may submit a written request with sound justification to the FM, at any time up to two months before the end of the agreement. Amendments are required for any changes in the agreement, including but not limited to:

- i. Changes in the scope of the description of action, logframe, activity plan or workplan, including new or unplanned activities;
- ii. Any increase in the total budget;
- iii. Any variances at budget sub-heading level exceeding 10%;
- iv. Any changes in the duration of the agreement;
- v. Any changes in the terms or schedules of the grant agreement.

Requests for grant amendments will be assessed by the FM against LIFT requirements. The FM may refuse or adjust requested amendments. If they involve an increase to the approved budget, the FB's approval will be required.

Authorization must be formalized through an official amendment to the grant agreement and its annexes and signature by both parties.

No-cost extensions are allowable but require a strong justification from the IP to explain the reasons for not having been able to spend the budget as planned and how the budget in the no-cost extension is reallocated to ensure best value for money. The IP is responsible to manage the timely implementation of the project and its outputs. A no-cost extension will require a revised budget as supporting annex.

Budget Revisions:

Submissions for budget revisions may be provided to the FM at least two months before the end of a GSA or the end of the budget period, unless otherwise agreed with the IP. In such cases the IP must submit a proposed budget revision including a detailed justification to the FM. Budget revisions result in a grant amendment. Budget/expenditure variations are allowed without a budget revision as specified:

1. The expenditure on budget sub-headings does not exceed 10% of the original budget sub heading over the entire project duration.
2. The variations are within the scope of the defined outputs and activities as specified in the logframe and the work plan, (i.e. not new or unplanned activities), and

3. The total amount approved by the FM is not exceeded (i.e. there must be savings from another budget line item).

4.3 Completion or Termination of Grants

The operational closure of the grant agreement refers to the last date of the agreement, or upon early termination of the agreement by either the IP or the FM as spelled out in the grant agreement to the other party. No activities or expenditures are to be incurred after this date. All funds which remain unutilized after completion of activities must be returned to the FM.

For the financial closure, the IP will submit the final reports as per the obligations of the grant agreement upon termination or expiry of the agreement. The FM will evaluate and approve the IP reports with emphasis on results and deliverables being in line with the obligations of the grant agreement.

Unless otherwise defined in the grant agreement, the financial closing of the grant is tied to the last payment which will be released based on the following:

- i. Acceptance of the audit report of the final financial report by the FM and IP;
- ii. Acceptance of the final narrative report and M&E related data reporting by the FM, as well as the acceptance of any other pending reports as defined in the grant agreement;
- iii. Approval of the final evaluation report;
- iv. Approved asset transfer agreement between FM and IP;
- v. Return (or deduction from final payment) of unspent funds and/or ineligible costs (if applicable);
- vi. All outstanding subcontracting issues have been settled;
- vii. There are no outstanding claims or investigations on the agreement;
- viii. Written agreement on the use of the investment capital (only for Microfinance / investment capital projects).

Once the final payment is completed, the FM archives the entire documentation of the project and declares it closed. Refer to [section 15 on Record Management](#).

5 Fund Management

The FM is responsible for ensuring financial management systems are established and used to ensure that funds are held, disbursed and accounted for in a timely, transparent and efficient manner. Specific responsibilities of the Fund Manager include:

1. Preparation of the LIFT annual budget and presentation to the FB by 15 November each year for approval by 31 December;
2. Presentation of a fund flow forecast at each FB meeting;
3. Preparation of budget amendments for FB approval during the budget year if they exceed 15% variation within any of the main budget line headings¹ or if the overall total of the budget increases;
4. The FM will provide reports on expenditure of the FM budget. Any income earned on funds received from the Fund will be identified and accounted for in the FM's financial reports. Any income earned shall be used for the purposes as agreed by the FB. Income earned includes interest earned on funds;
5. Closing of the Fund at the end of its lifetime.

¹ Main budget line headings include 1. Human Resources, 2. Office Costs, Equipment and Supplies, 3. Other Direct Costs, 4. Unforeseen Contingencies, 6. Fund Board Expenses, and 7. LIFT Programme.

In the event of the end of the Fund, the FM will propose a formal close out plan in accordance to UNOPS closure procedures. This plan will be submitted to the FB for approval six months before the operational closure of the Fund.

The financial closure of the Fund will be confirmed by UNOPS HQ once all the pending requirements under UNOPS financial rules and regulations have been cleared.

5.1 Disbursements to IPs

The FM is responsible for managing fund disbursements and monitoring expenditure of IPs according to the grant agreements and subject to a review of ongoing performance against the agreement.

The grant agreement includes a schedule for disbursements for the duration of the grant. Based on this schedule, the IP is expected to submit a fund request together with a detailed activity plan to the FM to request the next disbursement. The FM may adjust or disapprove a disbursement request taking into account the achieved progress and results in outputs, the reported fund balance remaining from the previous disbursements and the proposed activity plan of the IP. The FM will ensure that all due reports have been received and approved by the FM before disbursements.

When an inception phase is defined as part of the project, the first disbursement will provide for the activities in the inception phase and the requirements of implementation until the second disbursement is due.

Fund requests should not exceed the maximum of 18 months of agreed budget costs for the requested period. All disbursements by the FM to IPs are subject to availability of funds. Under no circumstances shall the FM be expected to disburse funds in excess of the funds the FM has in hand.

Clarification on percentages:

Bridging fund: Up to **8%** of the grant agreement amount can be paid as a bridging fund in addition to the amount requested for the inception phase. This additional amount allows covering the periods from the end of one reporting period to the next disbursement of funds. It will be deducted in the last annual fund request.

Last payment: The last payment of **5%** of the total grant amount will be payable after the acceptance by the FM of the final audited report and all other required documentation, or as defined in the grant agreement.

Indirect costs: indirect costs cannot exceed **6%** of the budgeted direct costs for the requested period, see also [Proposal requirements](#).

5.2 Financial Audits/ Expenditure Verifications

The fiduciary framework of LIFT requires the audit of financial statements related to the Fund. All programme expenditures are required to be externally audited or verified as appropriate on an annual basis.

FM Audit

The FM will be audited annually by a team of auditors appointed by the UNOPS Internal Audit and Investigations Group (IAIG). The objective of the audit is to ascertain the effectiveness and efficiency of operations, including the economical use of resources in addition to verification of compliance activities of the office with the relevant UN and UNOPS rules and regulations.

IP Audit

FM will appoint auditors to ensure that the financial control systems of the IP are sound and that the accounting returns are true records. Audit and/or expenditure verification of the IP will be conducted annually and at the end of the project

Costs relating to regular external audits undertaken by the FM will be borne by the Fund.

The IP audit reports will be submitted to the FM and the IP with a management letter from the qualified auditors, addressing adequacies of the accounting and internal control systems. Adverse and disclaimer opinions from auditors will result in suspension of any further disbursement to the IP by the FM until the IP satisfactorily demonstrates that issues identified have been resolved. The FM will follow up with IPs on implementation of the audit management plan which is part of the annual financial report. The FM will provide summary reports to the FB on audit recommendations and actions necessary to address the recommendations.

5.3 Financial Capacity Assessments

The FM will conduct a financial capacity assessment (FCA) of each IP². The objective of the assessment is to evaluate the capacity of the IP's financial procedures and structures and define the level of risks for the LIFT fund management.

The assessment will be conducted prior to signing of the grant agreement or in the early stage of the project implementation and may be undertaken by FM staff or external experts. It will evaluate the IP's capacity and compatibility in relation to legal agreements, fund flow mechanisms, staffing, accounting policies and procedures, segregation of duties, management capacities, budgeting, payment procedures, asset management, audit mechanisms, reporting and monitoring, and ITC systems. Where a similar assessment has been conducted by another UN agency, the findings of this assessment may be reviewed, evaluated and appropriate action taken.

In case of a major change in environment (e.g. significant changes in leadership, new procedures, and results of reviews), a second assessment may be required. The FM will endeavor to provide a standardized questionnaire to the IP at least two weeks prior to the assessment.

The FCA report will provide a detailed analysis of the risks in relation to the management capacity of the IP. Based on the findings, the report will propose an overall rating (e.g. high, significant, moderate, low) and will provide recommendations how to address shortcomings and identified risks. The draft report will be discussed with the IP before submitting the final report to the FD for review and approval. The final report will be shared with the IP; recommendations will be binding to the IP and will be monitored by the FM.

5.4 Eligible Expenses

LIFT funds may not be used:

1. For international travel to conferences, trainings, workshops or any other activity outside the country not directly related to project implementation.
2. For the following charges: taxes, duties and charges, customs duty, previous obligations, bad debts, fines and penalties, land and property, hospitality, and political and religious propaganda.
3. For the costs of developing proposals submitted for LIFT funding. The FM may make an exception to this rule in a two-stage solicitation process (where the first stage is based on a concept note).

5.5 Fund Flow Requirements for Governmental Institutions

With the removal of many sanctions on payments to government institutions, LIFT funds may be used for activities in the following four categories:

² UN agencies do not require FCA, but will be requested to provide details on management structure and auditing procedures.

Invitation of Government officials³ to workshops / trainings and technical missions in country

This includes government staff at each administrative level from village tract to Union who are invited to attend or assist in facilitating workshops and training either organized by LIFT implementing partners (IP) or by the FM. Per Diems are payable at the IPs' approved internal rates, and not higher than the rates approved by the UN Resident Coordinator⁴(for up to date rates please visit LIFT website, guidelines.)

Technical Assistance

Technical assistance provided to government ministries or departments where there is a need identified, either within an IP project or by the FM. The services will be procured, contracted and paid directly by the IP or the FM. This may involve national or international consultants.

Equipment / assets

This includes support to specific Government ministries, departments and agencies that are working closely with IPs or the FM. The support may include basic operating equipment, e.g. office assets like ICT (printers, computers/laptops), furniture, etc. In the case of IP projects the equipment remains under the ownership of LIFT until the end of the project when the IP may propose a handover of ownership. In the case of direct procurement by the FM, ownership is transferred to the government entity on delivery.

Institutional capacity building

This includes grants up to US\$ 10,000 for Government institutions with the aim of institutional capacity building, in particular for research activities. Grants are to be based on approved research proposals with detailed budgets and work plans, conducted by government agencies with the necessary financial management processes and responsible finance officers in place. Procedures and checks need to be established beforehand to ensure that the funds are used for the approved purposes and are properly accounted.

Payments to government institutions and government staff for activities not covered by the categories above require advance written approval from the Fund Manager.

Direct grants to Government institutions

The Fund Manager may enter into agreements with Government institutions at the request of the Fund Board. Before entering into such agreements, the FM will review the capacity of the institution to manage projects and fund flow and take necessary action to manage associated risks.

6 Monitoring and Evaluation

The FM is responsible for designing, developing and implementing a monitoring and evaluation (M&E) system specific to the Fund to ensure that funds are used effectively. As IPs have their own modalities of delivery and varying capacities, the M&E system will be built around a partnership approach.

LIFT's Monitoring and Evaluation for Accountability and Learning (MEAL) system is geared toward providing information on the outputs, outcomes, and impact of LIFT projects and programmes, fostering learning for programme improvement, and generating evidence for policy development. The MEAL system will provide

³ Excluding government officials listed on the 'Specially Designated Nationals-List', see <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

⁴ The Resident Coordinator publishes regularly a note specifying the maximum allowable payments for per diems, travel costs, as well as payment of facilitator / trainer cost. The current rates can be accessed on the LIFT website.

input for the semi-annual and annual reports on the progress of the Fund towards the achievement of LIFT objectives, and help answer LIFT’s overarching evaluation and learning questions.

6.1 Overview of M&E roles

IPs	FM	FB
IPs develop project theories of change, measurement frameworks, ELQs, and subsequent MEAL plans, all to be approved by the FM	The FM develops and revises as necessary the LIFT theory of change, logframe (indicators are discussed with IPs and other stakeholders), and MEAL framework	The FB approves the LIFT MEAL system and LIFT logframe The FB conducts checks on the robustness of the LIFT MEAL system (on-going)
IPs report on selected LIFT indicators and ELQs in mid-year, annual, and final reports	FM reports on LIFT indicators and ELQs in semi-annual, annual, and final reports based on collated information from IPs and special studies	The FB approves FM semi-annual, annual, and final reports
IPs conduct baseline and endline surveys for their projects (unless an exception is approved by the FM) with related payments subject to FM review and “No Objection” letter	The FM commissions periodic household and village surveys covering all its operating areas	The FB reviews survey reports as appropriate
IPs assist and facilitate midterm project reviews	The FM commissions midterm project reviews where appropriate	The FB commissions interim reviews of the Fund as needed
IPs assist and facilitate independent end-of-project evaluations	The FM commissions end-of-project evaluations unless an alternate arrangement is agreed with the IP	The FB commissions independent final evaluations of Fund performance
IPs conduct regular periodic monitoring according to their MEAL Plans	The FM conducts field visits to all IP projects	
IPs establish feedback mechanisms for local partners and beneficiaries to ensure downward accountability ⁵ .	The FM establishes a beneficiary accountability framework including a feedback mechanism to beneficiaries.	
	The FM commissions special studies on specific development themes, plus independent qualitative monitoring of LIFT activities.	
	The FM facilitates regional M&E meetings and learning events periodically	

6.2 Implementing Partners

The IPs are responsible for conducting relevant MEAL tasks related to their respective projects, including M&E capacity development and assessing the performance of their partners.

MEAL Plans and Reporting

As part of the proposal and contracting stages, IPs develop and refine a project theory of change, a measurement framework (MF), and a set of evaluation and learning questions (ELQ). After the contract is signed, IPs enter an inception period during which time they develop a full MEAL plan, that includes a further

⁵ Exceptions may be granted by the FM for projects where such a feedback mechanism is inappropriate.

refined ToC, MF, and ELQs, and greater detail on how they plan to collect data and use their M&E findings. Guidelines for developing IP MEAL plans are available and IPs' MEAL plans are to be approved by the FM.

To facilitate tracking of results for the Fund, the FM and IPs will work together to define a set of output and outcome indicators to include in IPs' measurement frameworks and MEAL plans. For each of these indicators, IPs will set milestones for each calendar year and targets for the end of the project. IPs will report progress towards reaching these milestones and targets in six monthly narrative and quantitative reports to the FM.

For planning purposes, IPs also will provide details of the location of all IP villages, their populations, and planned numbers of household beneficiaries at the beginning of their project period. IPs will also update the number and type of beneficiaries in each location every 12 months.

Baseline and Endline Surveys, Mid-term Reviews, and End-of-Project Evaluations

Each IP is responsible for conducting a baseline survey and an endline survey, subject to approval by the FM. The FM will approve the terms of reference and reports of the baseline and endline surveys.

IPs are to assist the FM in carrying out mid-term evaluations and independent end-of-project evaluations. Mid-term reviews should make recommendations to improve the relevance, effectiveness, efficiency and sustainability of the project. End-of-project evaluations should, amongst other requirements, draw on the results of the baseline and endline surveys to assess project effectiveness and document key lessons. Both mid-term reviews and end-of-project evaluations also should contribute to addressing LIFT's evaluation and learning questions.

In some cases (e.g. very short, low value, or unusual projects), the FM may agree to reduce the requirements for project baseline and endline surveys, mid-term reviews and end-of-project evaluations.

The FM's Programme and M&E teams will provide the IPs with guidance on good practices on such issues as sampling, survey design, and capturing different types of data.

6.3 Fund Manager

The FM is responsible for aggregating the outputs and outcomes of the LIFT Fund and assessing the performance of IPs. The FM will ensure that IPs have indicators and targets set in line with the overall aims of LIFT.

Theory of Change, Logframe, and Reporting

Based on LIFT's overall strategy as set by the Fund Board, the FM is responsible for developing a relevant LIFT-level theory of change, logframe and set of evaluation and learning questions. The IPs' theories of change and measurement frameworks are to reflect LIFT's overall theory of change and logframe. The LIFT logframe indicators will not cover all IP activities. Similarly, not all IP / indicators will cover the full set of LIFT indicators.

The LIFT logframe includes a set of output and outcome indicators that will be used to summarize LIFT's progress and performance against its expected outcomes. Extrapolating from the milestones and targets in the IPs' measurement frameworks, the LIFT logframe will set milestones for each year and final targets for the end of the LIFT programme. These will be reviewed and revised periodically as required. The FM's annual, semi-annual, and final programme reports will include quantitative progress towards milestones and targets on all indicators.

Periodic Surveys : As part of the tools to measure the achievements of LIFT, the FM commissioned a baseline survey in 2011 to establish key data on initial livelihood and food security conditions of households prior to LIFT interventions in the Countrywide and Delta 2 sub-programs. The FM has subsequently

commissioned a large population-based household survey every two years and a smaller tracking survey in the intervening years, and will continue to do so, to measure changes against the baseline, which are then used to estimate LIFT's contribution to changes in the target population.

LIFT surveys are independent sets of livelihood, food security, and nutrition measures that allow comparisons over time and between the main regions where LIFT programmes are implemented. The surveys use formal statistical sampling techniques to obtain representative samples, focusing on measuring output and outcome indicators at the household level, and consist of three separate but interrelated general, expenditure, and nutrition modules, which include the anthropometric measurement of children under five years old. Each survey round also includes a village profile to record common assets and conditions at the village level.

Field Visits

The FM is expected to visit IP field offices and villages on a regular basis. The objectives of field visits include monitoring and mutual learning for the FM and IPs to produce strategic lessons on program delivery. A program of field visits will be drawn up by the FM every 6 months.

Key aspects of FM field visits are as follows:

- All IP projects will be visited up to three times each year by the FM. This may be reduced for some projects at the discretion of the FM.
- All office and field visits will be scheduled in advance with IPs and a formal process of feedback undertaken.
- The IP field office will be visited at the beginning of the project to collect project details and results. At the end of the field visit, there will be a debriefing with project staff.
- A member of the IP's in-country headquarters' staff should attend the de-briefing, to ensure agreement on follow up actions.
- If possible, the FM should randomly select two villages to visit while conducting each site visit.
- A field visit report will be prepared by the FM and shared with the IP within 20 working days after the field visit. The report will include a summary of the strengths and weaknesses of project management and implementation, provide recommendations, and address more strategic issues and lessons arising from the village and IP office visits.
- The IP is welcome to provide comments and corrections on the field visit reports within 20 days of receiving it.

Qualitative Social and Economic Monitoring (QSEM)

Qualitative social and economic monitoring examines the different livelihood strategies of people in selected villages in different agro-ecological zones across Myanmar, and the factors that influence these strategies.

The FM commissions independent qualitative monitoring of LIFT operational areas. QSEM reports are shared with LIFT's stakeholders and published on LIFT's website and will provide information on:

- i. Developing a better understanding of local livelihood contexts and comparisons between regions;
- ii. Understanding the enabling and constraining factors that will influence LIFT success in its livelihood interventions; and
- iii. Enabling analysis that can help the LIFT respond to new challenges that emerge over time.

Thematic Studies

On behalf of the FB, the FM will commission thematic studies to provide an important complement to the routine tracking of LIFT results.

Research topics may arise to answer LIFT's overarching ELQs, or from gaps in knowledge in sectors where LIFT is operating, or from the need to explore in greater depth issues identified from the MEAL system. Some of the thematic studies will be designed to contribute evidence relevant to Government of Myanmar policy formulation and programming.

Thematic studies will be made available on the LIFT website. The costs of the studies will be charged to the budget of the FM.

6.4 Fund Board

The FB is responsible for monitoring the Fund's performance, assessing the LIFT programme, approving the LIFT MEAL framework, and approving the LIFT logframe.

The FB will review the overall progress and performance of LIFT against its strategic objectives and will approve the FM's semi-annual and annual reports. The FB will use commissioned M&E studies and other M&E information to take decisions about programme funding and strategic direction.

Independent Mid-term and Final Evaluations

On behalf of the Donor Consortium, the FB will commission mid-term and final independent evaluations of the Fund's performance. The independent evaluations will reflect on LIFT's achievements and constraints. LIFT's achievements may also be compared with national estimates and other development programmes, as well as with surveys and studies undertaken by third parties.

The costs of the evaluations will be charged to the Fund.

7 Reporting

7.1 FM Reporting

The FM will keep the FB informed at all times of any development relevant to or affecting the delivery of the programme.

The FM will submit to the FB six-monthly narrative and financial reports based on the calendar year. Reporting formats and contents will be approved by the FB before submission to donors. Ad hoc reports can be addressed to the Board when necessary.

The FM will provide transparent summaries of the Fund throughout its lifetime to inform the FB, the donors, and stakeholders of the Fund.

1. **Financial Reports:** Financial reports will report on expenditure and income earned across the Fund against the approved budget.
2. **Certified Financial Statement:** Refers to UNOPS income and expenditure certified statement.
3. **Cash flow forecasts:** A cash flow forecast detailing donor commitments received and planned, updated financial expenditures of the Fund, and forecasts on future disbursements to IP and FM expenditures.
4. **Programme Report:** There are two programme reports, the semi-annual and the annual programme report. Both reports will include updates on implementation of the Fund with updates on results of headline indicators, M&E, research and policy issues, and aggregated programme results from IPs.

7.2 Schedule of FM Reports

Type of report and period covered	Area of reporting	Content
Progress Report (Jan – June) Due 30 th Sept	Finance:	Semi-annual Financial Report
	Programme:	Semi-annual report (Progress report)
Annual Report (Jan – Dec) Due on 30 th April	Finance:	Annual Financial Report
	Programme:	Annual Narrative Report
Certified Financial Statement (Jan-Dec) Due 30 th June	Finance:	Certified Annual Financial Statement
Final Report Due 6 months after operational closure of the project	Finance:	Final Financial Report with certified financial statement and Asset disposal / transfer report
	Programme:	Final Narrative Report

7.3 Implementing Partner Reporting

The FM will define reporting requirements for the IP in the grant agreement. Reports submitted by IPs will be verified and approved by the FM. The FM will consult with IPs on the reporting formats to ensure there is a common understanding of the requirements. The FM will coach IPs on preliminary report submissions as required. The reporting templates are uploaded onto the LIFT website⁶. All reports must be provided in English unless previously agreed with the FM. All reports shall be submitted in PDF and word/excel soft versions for ease of verification.

7.4 Reporting Schedule for IPs

The calendar year is used for the annual program and financial reporting. During the implementation of a grant, the following reports may be required depending on the duration and the type of the grant, and as specified in the grant agreement:

Type of report and period covered	Area of reporting	Content
Inception Report <i>Inception Phase</i> <i>Report is due one month after end of Inception Phase</i>	Finance:	Certified Financial report for inception phase
	Project:	Inception phase report including: a baseline survey approved by FM; reporting on the progress of the activity plan: M&E plan (including final Logframe or Results Framework, with all milestones and targets); and Fund Request for subsequent project period
Annual Report <i>1st January to 31st December</i> <i>Due on 28th February</i>	Finance:	<ul style="list-style-type: none"> • Certified financial annual report and • List of assets <i>For Microfinance projects: see additional requirements under 7.8</i>
	Project:	Annual Narrative Progress Report with <ul style="list-style-type: none"> • Report against Work Plan and Activity Plan outputs and results of the previous year; • M&E Data sheets • Annual Work Plan and Budget for current year
Semi-Annual Report <i>1st January to 30th June</i> <i>Due on 31st July</i>	Finance:	n/a
	Project:	Mid-Year Narrative Progress Report with M&E Data sheets

⁶ <http://lift-fund.org/grants/formats-templates>

Final Report Entire <i>duration of the grant agreement</i> Due 3 months after end date of grant agreement	Finance:	<ul style="list-style-type: none"> • Certified final financial report and • annexed asset list
	Project:	<ul style="list-style-type: none"> • Final Narrative Report including final status of progress against outcome and output targets • Final Project Evaluation

7.5 Exceptions on Reporting

IPs may be eligible for an exemption on the reporting schedule outlined above. The general guideline for exemption on reports is that when reports are due with less than 10 weeks of elapsed implementation, the FM may provide an exemption for submission of that report. This exception will be reflected either in the grant agreements, or in writing to the IP.

Additional reports can be requested by the FM if there is a requirement for closer monitoring of implementation. This will be communicated in writing to the IP with adequate time provided to prepare the report.

7.6 Approval of Reports

The process of approval will include a review and validation of reports by the FM. The FM may request further information and clarification of the IP in the review process.

Payments to IPs will not be made until the required reports have been approved by the FM as meeting minimum quality requirements.

7.7 Guidelines on Financial Reports

The IP is responsible for maintaining clear, accurate, and complete financial records in respect of the funds received under the agreement to ensure accuracy and reliability of the financial information and reporting. Books and records must be maintained in such a manner that the receipts and expenditures can be shown separately in an easily accessible and transparent form. Financial reporting must be prepared in US Dollars using the LIFT template⁷.

Defining expenditures

Guidelines on expense reporting by budget lines headings are included in the reporting template. Any change in the method of recognizing expenses on financial reports must be clearly documented with the financial report. No inflation, exchange rate differences, and depreciation expenses are to be assumed in reporting expenditures. Only actual costs incurred may be reflected.

Exchange Rate Definition

The agreed reporting currency is United States Dollars (USD). The IP shall document the exchange rates applied and retain proof that the best possible rates are obtained. For UN Agencies, the official UN exchanges rates shall apply.

Income Earned

Any income earned from implementation of activities granted under the grant agreements shall be identified and accounted for in financial reports. Income earned includes interest earned on funds received by the IP. Funds should be held in interest bearing accounts.

⁷ See www.lift-fund.org, Information for grantees

Any income earned shall be returned to the Fund or used for the purposes as set forth in the approved work plan where agreed by the FM.

7.8 Microfinance reporting requirements

Implementing partners receiving any form of capital (loan, equity, grant funds) from LIFT for microfinance are required to report on such funds quarterly in addition to the yearly financial reporting requirements. This will include a quarterly report with submission of balance sheets, profit and loss accounts, and portfolio risk, as outlined in the grant agreement.

8 Communication and Visibility

Principle: The FM and IPs are required to publically credit all LIFT-funded activities to the Fund. This requirement is compulsory.

8.1 LIFT Visibility Guidelines

All IPs are required to follow the LIFT Visibility Guidelines for presenting LIFT's visual identity. The guidelines set out how to do this in written materials, presentations, visibility items, at events, on social media, websites, in press communications, and on infrastructure.

The Visibility Guidelines also cover the use of the LIFT logos and the IPs' responsibilities for sharing communication plans, photos, videos, stories, press coverage, project information, and LIFT-funded reports with the FM.

The Visibility Guidelines are updated as required, e.g. for the change of the donor logo, and available on the LIFT website. It is the responsibility of the IPs to consult the website or FMO Communications to ensure they use the updated version.

8.2 Media, Publications

Authority to make statements on behalf of LIFT is limited to the Donor Consortium, the Fund Board, and the Fund Director. No IP can make statements on behalf of LIFT. Any requests from media received by IPs regarding LIFT should be referred to the LIFT Communications Officer.

The FM has been provided authorisation under the IPs' grant agreements to communicate or publish the name of the IP, the maximum amount of the individual grant, and a description of the activities funded.

All public documents should be published in English and Myanmar. Specific guidance is provided in the Visibility Guidelines on the translation of key words like 'livelihoods' and 'food security'.

8.3 UNOPS Logo

The use of the UNOPS logo is restricted to the FM for official correspondence with the Government of Myanmar and for contractual agreements to reflect the legal status of FM operations in Myanmar. IPs cannot use the UNOPS logo.

9 Beneficiary Accountability

In addition to the mechanisms that LIFT employ to ensure that LIFT-funded partners are accountable to the Fund Manager and to the donors of LIFT (regular field trips by the Fund Manager and the Fund Board, reports submitted to the Fund Manager twice a year, and audits carried out by an external audit firm), LIFT has a beneficiary accountability framework to encourage accountability to local partners and to beneficiaries at community level. This is a priority for the donors to LIFT who are guided by the Paris Declaration, the

Accra Agenda for Action, and the Busan Partnership Agreement, which call for donors and partners to be mutually accountable for development results.⁸

The primary purpose of LIFT's accountability framework is to promote accountability to local stakeholders. The secondary purpose is to strengthen the ability of local partners and communities to voice their opinions/concerns and demand redress where needed.

There are four “**fields of accountability**” loosely based on the dimensions of other international accountability mechanisms⁹:

- a) **Transparency:** Key information about LIFT and the projects it funds should be presented to stakeholders in languages, formats, and media that are accessible, comprehensible, and useful to them.
- b) **Consent:** LIFT should ensure that stakeholders consent to their participation in projects, and that they are satisfied with their representation in project design, implementation, monitoring, and evaluation.
- c) **Feedback/grievance:** All local LIFT stakeholders should be aware of their right to express feedback/grievance and of the channels for doing so, including direct access to the LIFT Fund Board and the Fund Manager.
- d) **Competence:** LIFT representatives who interact with stakeholders should always behave professionally, should be trained and skilled in participatory approaches, and should promote and apply the LIFT Accountability Framework.

The above principles or fields of accountability should apply to all relationships within the chain that connects the donors to LIFT with its supported beneficiaries. This chain normally involves the following stakeholders:

- Fund Board (appointed by the donors to LIFT);
- Fund Manager (UNOPS);
- Contracted implementing partners (IPs);
- Local partners of contracted LIFT IPs (at national, regional, community levels, depending on the project); and
- Beneficiaries of LIFT-funded activities.

The details of the accountability framework are available on LIFT's website¹⁰. The accountability framework includes a detailed complaints and feedback mechanism.

10 Fraud

Fraud is defined as “as the intentional act by one or more individuals involving the use of deception to obtain an unjust or illegal advantage”.

As a mechanism for pooled funding, there is a need for UNOPS / LIFT to agree on a standard policy on financial risk and fraud. As LIFT allocation decisions are made by the Fund Board and translate into grants and contracts between UNOPS / LIFT and various other parties, this common standard shall be based on the

⁸ See www.oecd.org/dac/effectiveness/busanpartnership.htm and

www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm

⁹ Interaction, Sphere and HAP Guidelines and Benchmarks were considered in preparing this Framework. In 2015, HAP became CHS Alliance <http://www.chsalliance.org>

¹⁰ See www.lift-fund.org

UNOPS Fraud Policy¹¹. The UNOPS Fraud Policy is part of the wider risk management framework of UNOPS, which includes risk- and fraud-related provisions covering various areas and levels, including, but not limited to, procurement, staffing, financial regulations and rules, financial declaration statements, accountability and oversight, internal control, internal audit, and investigation.

Anyone suspecting a fraud case has a duty to immediately report. Please refer to the *Livelihood and Food Security Trust Fund Policy to Address Fiduciary Risk and Fraud*, available on the LIFT website for details on types of fraud and reporting mechanisms.

11 Intellectual property

LIFT promotes the principle that IPs should not make commercial profit from the intellectual property generated with LIFT funds. Ownership and licensing arrangements for intellectual property will be specified in each grant agreement.

12 Confidentiality

While the FB and FM is committed to having an open and transparent disclosure system in place, there are legal, operational, and practical considerations at times that may be necessary to preserve the Fund's, IPs', and beneficiaries' interests. In these cases, information will be received by or sent to IPs under the expectation of confidentiality.

13 Procurement

13.1 Procurement by FM

The FM will comply with UNOPS procurement regulations¹² based on the procurement principles of public procurement.

13.2 Procurement by IPs

IPs need to ensure that they follow public procurement principles which are:

Best value for money

Application of the 'best value for money' principle in the procurement process, means selection of the offer which presents the optimum combination of factors such as appropriate quality, service, life-cycle costs, and other parameters to best meet the defined needs.

Fairness, integrity and transparency

The manner in which the procurement process is carried out must give all internal and external stakeholders of the organization the assurance that the process is fair, transparent, and conducted with integrity.

The IP must undertake all necessary precautions to avoid conflicts of interests, favouritism, or corrupt practices in the execution of procurement. Segregation of duties is an important basic principle of internal control.

¹¹ Refer to UNOPS website, <https://www.unops.org/english/About/accountability/IAIG/Pages/default.aspx>

¹² https://www.unops.org/english/Opportunities/suppliers/how-we-procure/Pages/default.aspx#PR_policies

Effective competition

Effective competition is best explained as a situation in which at least three independent contractors acting on their own (not in collusion) effectively compete for the same business opportunity and submit a responsive bid. In the case of restricted sourcing of products or services, a Note to File should be prepared and signed by the approving authority of the IP. It will justify why a procurement process without a competitive process is required (for example, only a single source of livestock in township vicinity).

In the best interests of organizational objectives

The definition of this principle is derived from the ultimate objective of the procurement, which is to add value to LIFT and its partners in fulfilling their goals and objectives.

Sustainable procurement

Procurement is called sustainable when it integrates requirements, specifications, and criteria that are compatible and in favour of the protection of the environment, social progress, and economic development, namely by seeking resource efficiency, improving the quality of products and services, and ultimately optimizing costs. www.ungm.org/sustainableprocurement/

In the case of IPs not yet having adequate systems and/or procedures in place to adhere to these principles, the FM will advise the IP on acceptable procedures.

Procurement actions need to be within budget and shall not take place any later than three months before the end of the agreement unless agreed otherwise with the FM.

Cash grants provided to beneficiaries are not classified as procurement procedures. IPs are responsible for ensuring the 'correct use' and 'effective application' of cash grants to and by beneficiaries. Further guidance on cash grants will be developed by the FM.

13.3 Procurement Documentation

In line with the procurement principles of transparency and accountability, and in order to facilitate external audits of LIFT operations, every step in the procurement process must be documented and kept on file.

A standard filing system, as well as a numbering system to enable tracking of files, should be established by every IP according to their own standards in order to create an audit trail and to facilitate the management of procurement activities. Procurement files are to be kept by the IP for five years after the close of project.

14 Asset Management

14.1 FM Asset Management

The FM's asset management falls under the rules and regulations of UNOPS. The FM will submit a proposal on the transfer or disposal of assets to the FB three months before the closure of the Fund.

14.2 IP Asset Management

For IPs, all equipment, property, and non-expendable materials valued at US\$500 per item or more and purchased by the IP under the grant agreement are considered as assets and belong to the FM until otherwise decided at the end of the grant agreement.

Items acquired by beneficiaries under the grant-in-kind schemes are not regarded as assets as such. The IP must be able to show handover documents that provide proof that the item was received by the target household or group.

The IPs are required to maintain complete and accurate records of supplies, equipment, and other property purchased with LIFT funds. All equipment should be recorded on an asset register with a description of the item, relevant serial numbers, location, purchase price and date, and a unique identification number. All items should be labelled or tagged. The asset list format includes a 'suggested list' of categories under which to report asset items, which can be accessed in the template section on LIFT's website.

It is required that the IPs carry out a physical asset inventory check of LIFT assets at least twice a year. The purpose of the physical check is to confirm that all of the assets are in the location they were assigned and are in good working condition. Project audits will include audits of the asset management of the IP.

Asset Reporting

The IPs will submit signed annual and final asset report. Asset verification may be included in audits.

At the end of the grant agreement, the IP shall include in their final report:

- A list on any outstanding procurement actions which have been ordered but not yet delivered at the time of the completion of the project period or early termination;
- A letter proposing on how the undelivered items and any remaining inventories not accounted for in the request for asset transfer will be used.

Asset Transfer

All assets purchased with the LIFT funds shall remain the property of the Fund unless a transfer of assets is formally approved. The Fund recognizes the rationale of continuing to use assets provided for the intended purposes beyond the implementation period of LIFT funded projects, and will allow the transfer of ownership to IPs (or an appropriate project partner) upon project closure if certain conditions are met and approved by the FM.

For the transfer of ownership of assets purchased by the IP, the following conditions must be adhered to:

- i. The assets will be used exclusively for livelihoods activities designed for the benefit of poor and vulnerable people in Myanmar;
- ii. The receiving partner has an ongoing programme and adequate resources to maintain and operate the transferred assets;
- iii. The receiving partner has adequate controls in place to ensure that the assets are used for their intended purpose;
- iv. Any local requirements, regarding duties and taxes, or any other formalities, on transfer or disposal will be met by the receiving partner; and
- v. Once the assets have reached the end of their useful life, they are disposed of safely to avoid any unnecessary environmental hazards, and written off through an auditable process.

For approval of asset transfer, the IP must submit a proposal to the FM three months prior to project closure. The proposal should outline how the above principles will be adhered to by the organization designated to receive the assets. The FM will inform the IP in writing on approval of the asset transfer plan and the modalities to be followed. The IP will submit proof of reception to the FM once the transfer has taken place.

Reporting on theft/loss of assets

In cases of damage, theft, or other loss of assets, the IP will provide the FM with a comprehensive report within five working days of noticing the loss / damage, including a police report where appropriate, and any other evidence giving full details of the event leading to the loss of the asset. The FM may request for additional information and will inform the IP of action to be taken.

15 Record Management

The proper management by the FM and IPs of records, paper or electronic, is important in supporting the transparency and accountability of the Fund. Record management includes document retention, custody, archiving, and destruction of both paper and electronic records.

The FM will comply with UNOPS regulations on record management

Document Retention by the IP

In addition to the documentation of financial, procurement, and inventories outlined in the OGs, the IP is required to maintain comprehensive files and records in respect of activities supported by the Fund, including, but not limited to:

- the initial proposal submitted by the IP, and any documentation relating to the process leading up to an amended and final proposal;
- the final proposal and final budget;
- a copy of the IP grant agreements, signed by both parties;
- any amendments to the IP grant agreement;
- any approved budget revisions; and
- copies of all reports submitted to the Fund Director.

Based on the FB and the FM's requirements for transparency and accountability, the IP is required to maintain and ensure key documents are accessible for five years after closure of project.

16 Annexes

Forms and templates

All forms and templates are available on the LIFT website, under "Information for grantees", www.lift-fund.org

Policies

Policies on fraud and visibility are available under "Project Resources" on the LIFT website, www.lift-fund.org.