

# SANTIAGO NETWORK

## Guidelines for managing funding

Approved at the 3rd Advisory Board meeting

06 September 2024

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## I. Background

1. [Decision 1/CMA.3](#), paragraph 67, decided that the Santiago network will be provided with funds to support technical assistance for the implementation of relevant approaches to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change in developing countries in support of the functions set out in paragraph 9 of decision 19/CMA.3.
2. These guidelines have been developed in accordance with paragraph 17 of decision 12/CMA.4, endorsed by decision 11/CP.27, where Parties decided that the Santiago network secretariat shall elaborate modalities and procedures for the Santiago network under the guidance of and by approval of the Advisory Board.
3. As per paragraph 17.c. of [Decision 12/CMA.4](#), this document outlines '*guidelines for managing funding provided for technical assistance, including to ensure that technical assistance funded directly by the Santiago network is made available to communities particularly vulnerable to the adverse effects of climate change, including through levels of minimum percentage of technical assistance funded directly by the Santiago network directed to communities particularly vulnerable to the adverse effects of climate change*'. These guidelines are complemented by the 'Guidelines for the designation of OBNEs' and the 'Guidelines and procedures for the provision of Technical Assistance'.
4. The joint proposal submitted by the UN Office for Disaster Risk Reduction (UNDRR) and the UN Office for Project Services (UNOPS) was selected to host the Santiago network secretariat by the COP/CMA.<sup>1</sup> UNDRR and UNOPS signed a Memorandum of Understanding (MOU) with the UN Framework Convention on Climate Change (UNFCCC) Executive Secretary (signing on behalf of the governing body or bodies ) to host the Santiago network secretariat in March 2024.
5. As detailed in the [MOU](#) referenced above, the Santiago network secretariat shall administer, through UNOPS and, where required, UNDRR, in accordance with their respective regulations, rules and procedures, the funds provided to assist the Santiago network in supporting technical assistance.<sup>2</sup> Relevant decisions on the Santiago network can be found [here](#).

## II. The Santiago network budget

6. In line with the strategy, programmatic priorities, and work programme of the Santiago network, the secretariat will prepare an annual budget for the Santiago network (for the period Jan-Dec) for review and approval by the Advisory Board.<sup>3</sup>
7. Placeholder for inclusion of the outcomes of the discussions on the determination of levels of minimum percentage of technical assistance funded directly by the Santiago network directed to communities particularly vulnerable to the adverse effects of climate change.

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<sup>1</sup> Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).

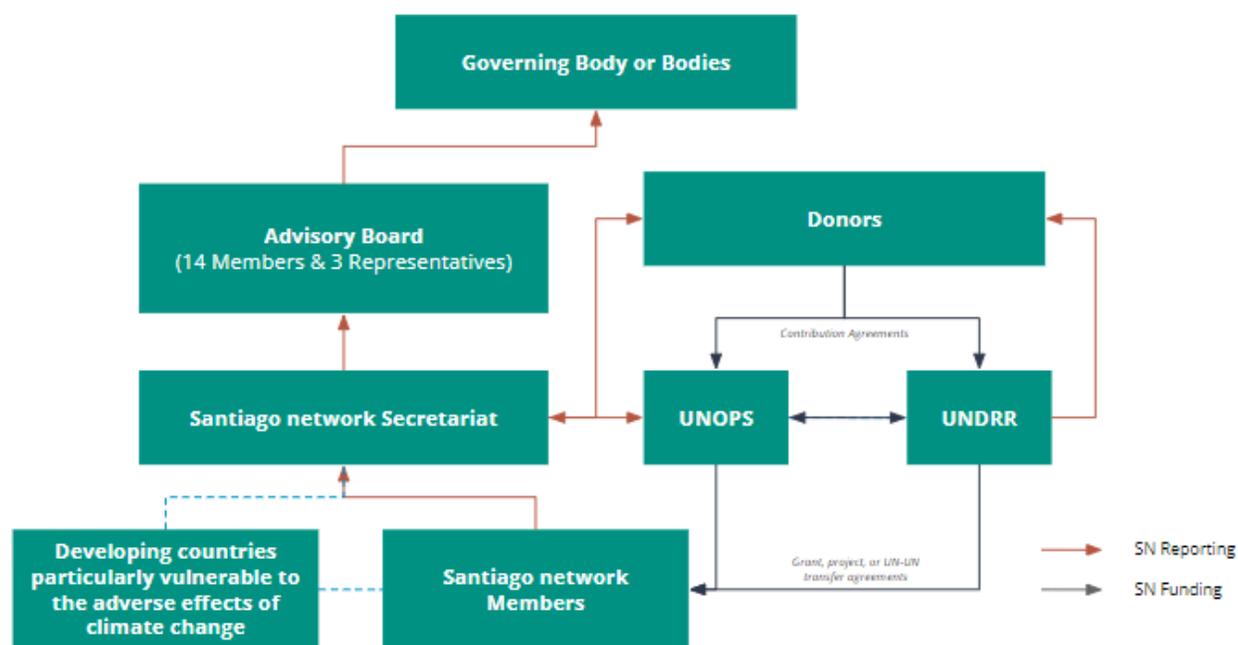
<sup>2</sup> Memorandum of Understanding (MOU) paragraph 37.

<sup>3</sup> The annual budget will be submitted for approval in September of the previous year.

### III. Mobilization and management of resources

8. As detailed in the Santiago network [work programme](#), approved by the Advisory Board in March 2024, the secretariat will ‘develop a Resource Mobilization Strategy, under the guidance of the Advisory Board and aligned with the Santiago network strategy, that will outline how the secretariat will engage potential donors to the Santiago network, including but not limited to those which have made pledges for the operation of the Santiago network, and will continue to broaden resource mobilization channels’<sup>4</sup>
9. Contributions from donors to the Santiago network will be pooled, rather than earmarked, to ensure management effectiveness and efficiency and ensure synergies between contributions.<sup>5</sup>
10. Donors to the Santiago network will sign individual agreements with UNOPS or UNDRR. Standard templates will be made available and can also be adjusted, if required, to respond to contributor requirements (see Figure A: Overview of Santiago network financial arrangements & funding flow). Contributions to the Santiago network can be held either by UNDRR or UNOPS.

Figure A: Overview of Santiago network financial arrangements & funding flow



11. The MOU, which sets out the cooperation between UNDRR and UNOPS in the Santiago network secretariat, shall be included by reference in contribution agreements.

<sup>4</sup> Activity 19 in Santiago network work programme, approved by the Advisory Board in March 2024.

<sup>5</sup> A multi-donor fund is a financial management mechanism that has the ability to power networks, is designed to support a clearly defined programmatic purpose and results framework through contributions received from more than one donor. Funding can be pooled and/or restricted, and is held by a fund administrator.]

12. The duration of the agreements between donors and UNOPS or UNDRR will be agreed as part of the contractual negotiations but will not extend beyond the current end date of the [UNFCCC/UNDRR/UNOPS MOU](#) (i.e. 06 March 2029)<sup>6</sup>.
13. UNOPS operating model is unique in the UN System. It does not receive assessed, core or non-core contributions, but delivers services in exchange for full recovery of associated direct costs, plus a management 'fee-for-service' for recovery of immediate and potential future indirect costs. UNOPS indirect management fee is allocated to projects based on value and complexity towards UNOPS's corporate governance functions, including coordination within the UN system on management issues, provision of UN security services, etc.. The Santiago network Advisory Board will review and approve the management fee each year as part of their review and approval of the annual budget for the Santiago network
14. To allow donors to benefit from economies of scale and the best pricing, as well as to streamline financial management, the pricing conditions for the Santiago network will be calculated on the overall amount of the contributions to be made to UNOPS and will be the same for all donors. If the overall contribution amount was to increase, the pricing may be revised to further benefit from economies of scale. If the management fee is reduced, the secretariat will develop an updated budget to reflect this change for Advisory Board review.
15. By default, interest earned on funds held in UNOPS accounts, will not be returned to donors but will be credited to UNOPS specifically for implementation of Santiago network activities.
16. The Santiago network secretariat will develop a communication and visibility plan that will outline if and how information regarding donors will be shared publicly.

#### **IV. Fund management**

17. Section 4.2 of the guidelines for Technical Assistance provides information on procedures for matching requests for technical assistance with members.
18. The following section contains information on how the Santiago network will manage funding allocated to members to provide technical assistance. Please refer to [UNOPS Financial Regulations and Rules](#) and [UNOPS Grant Support Operational Instruction](#) for further information.

##### **A. Financial evaluation of proposals**

19. As detailed in the Santiago network guidelines for technical assistance, requests for technical assistance for which no existing source of funding can be identified, will follow the open and transparent selection process to identify suitable member(s) to provide the technical assistance. As part of this process, applications will be subject to a financial evaluation in order to ensure that the costing is fair and reasonable.

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<sup>6</sup> MOU paragraph 45 - 45. The initial term of this MOU shall be five years from its entry into force, with five-year renewal periods, if so decided by the governing body or bodies and UNDRR and UNOPS.

20. Additional guidance regarding the selection process and specific criteria will be prepared as a supplement to this document and the guidelines for technical assistance.

**B. Grant Negotiations**

21. Negotiations between the secretariat and the member(s) selected to provide technical assistance may take place after the selection of the member(s) and prior to the award. The purpose of negotiations will be to ensure clarity, consistency, and completeness of the technical and financial proposal, and to incorporate any changes and recommendations on good practices from the secretariat. During the grant negotiations process, the secretariat may request member(s) to consider combining proposals with other members, or adjusting proposals as required. The secretariat reserves the right to terminate the grant negotiations if a satisfactory result appears unachievable within a reasonable timeframe.

**C. Due Diligence Assessment**

22. During or on completion of grant negotiation, the secretariat will conduct a Due Diligence Assessment (DDA) of the member(s) selected to provide technical assistance (members are responsible for conducting their own appraisals of relevant downstream partners). The extent of the capacity assessment will be determined by, and be proportional to the funding amount to be transferred to the member(s). The secretariat may request to verify these appraisals and request information about downstream partners at any point. This assessment will review an organization's capacity in several areas including finance, operations, and governance.

**D. Fund Disbursal**

23. The Santiago network (through UNOPS) is able to disburse funds to members of the Santiago network to provide technical assistance through 3 competitive mechanisms aligned with the applicable UNOPS rules and regulations:
  - a. Grants (transfer funds to technical partner - i.e. grants to members)
  - b. Human Resources (recruitment of experts to carry out services - i.e. consultants/retainers)
  - c. Procurement (of goods, services and works) when members provide a service
24. The Santiago network's principal implementing mechanism will be through the issuance and administration of grants to selected members in accordance with UNOPS regulatory framework. Where required, individual consultants can be engaged to carry out the TA work.
25. In the context of grant support agreements, members of the Santiago network provide technical assistance in response to country requests. Please see UNOPS '[Grant Support Operational Instruction](#)'.
26. Where appropriate, including but not limited to situations where an entity may not meet UNOPS criteria for grant support, other modalities - such as consultancies, procurement, stipends, etc - for disbursing funds to members may be utilized by the Santiago network secretariat, in compliance with UNOPS regulatory framework (i.e. procurement or human resources).

27. Decisions on which member of the Santiago network will provide technical assistance will be made in accordance with the Santiago network guidelines and procedures for responding to requests for technical assistance.
28. Provision of resources to members providing technical assistance will be made through written legal agreements. The type of legal agreement, Grant Support Agreement (GSA), Project Cooperation Agreement (PCA) and UN-UN Transfer Agreement will be determined by the type of member (grantees, central-level government entities, international organisations, UN system organizations and non-UN intergovernmental non-profit organizations including local youth-based organizations and indigenous groups). This process should ensure the inclusivity of local communities, youth, and Indigenous groups, and gender responsive organizations.
29. Members will assume programmatic and financial accountability for the resources they receive. This will be detailed in the legal agreement and will be assessed in line with the Monitoring and Evaluation for Accountability and Learning (MEAL) Framework developed by the secretariat.

#### **E. Eligible Expenses**

30. The rights and obligations of members providing technical assistance and regarding allowable costs are stated in Article 7 of the General Conditions attached as Annex A to the legal agreement. The following section contains information designed to provide operational guidance on allowable costs. Supplementary guidance in the form of a technical assistance guidance document will further elaborate.
31. The secretariat is under no obligation to reimburse members for costs incurred in excess of the total grant amount specified in the legal agreement. The total grant amount under the legal agreement is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by members in the performance of the activities under the legal agreement.
32. The expenditures claimed on member financial reports will be true and real, reasonable, and are included on the legal agreement budget.
33. Santiago network funds may not be used for the following activities:
  - a. Bonuses, provisions, reserves, or non-remuneration related costs. Employers' contributions to pension or other insurance funds run by the Organisation may only be eligible to the extent they do not exceed the actual payments made by these schemes and that the amount provisioned does not exceed the contribution that could have been made to an external fund;
  - b. Debts and debt service charges;
  - c. Provisions for losses, debts or potential future liabilities;
  - d. Banking charges for the transfers;
  - e. To cover exchange rate losses, or for/as disbursements to government agencies' bank accounts;
  - f. For the following charges: taxes, duties and charges, customs duty, corruption, previous obligations, bad debts, fines and penalties, purchase of land and property, hospitality, and political and religious propaganda;

- g. For the costs of developing proposals submitted for Santiago network funding (NB: secretariat and network assist with process and first grant installment covers proposal development costs) ;
- h. For direct cost-shared resources that cannot be directly linked to the Santiago network grant.
- i. For traditional ceremonies and rites
- j. Hosting cost intense events that are outside the scope and scale of the TA
- k. Purchase of personal properties and renting of office space or paying office rent

**F. Sub-grantees**

- 34. The rights and obligations of members providing technical assistance regarding sub-grant agreements are stated in Article 12 of the General Conditions attached as Annex A to the legal agreement. The following section contains information designed to provide operational guidance on the sub-grant process.
- 35. Should any member choose to sub-grant, then it is required to enter into a sub-grant agreement in line with the relevant stipulations of the UNOPS General Conditions for Grant Support Agreements between the grantee and subgrantee(s). All sub-grantees must be clearly identified in the grant 'Description of Action'. Such requirements may also apply to other types of members depending on the terms of their agreement with the secretariat. The reporting responsibility, and financial and operational liability to the secretariat lies with the grantee.

**G. Amendments to agreements**

- 36. The rights and obligations of members providing technical assistance regarding amendments to the legal agreement are stated in Articles 10 and 20 of the General Conditions attached as Annex A to the legal agreement. The following section contains information designed to provide operational guidance on the amendment process.
- 37. In accordance with the terms and conditions of the relevant legal agreement with UNOPS, members wishing to make an amendment to their legal agreement may submit a written request with sound justification to the secretariat, at any time up to three months before the end of the reporting year, and the agreement. The secretariat reserves the right to reject any amendment requests. Amendments are required for any changes in the agreement, including but not limited to:
  - a. Changes in the scope of the description of action, log frame, activity plan or work plan, including new or unplanned activities;
  - b. Any increases in the total budget;
  - c. Variance at budget sub-category level exceeding 10%;
  - d. Any changes in the duration of the agreement;
  - e. Any changes in the terms or schedules of the grant agreement.
- 38. Requests for amendments will be assessed by the secretariat. The secretariat may refuse or adjust requested amendments. If they involve an increase to the initially approved grant budget, the secretariat's approval will be required.

39. Authorization must be formalized through an official amendment to the agreement and its annexes and relevant signatures and initials by both UNOPS and the member(s). No-cost extensions are allowable but require a strong justification from the member 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 member is responsible for managing the timely implementation of the project and its outputs. Such an extension will require a supporting revised budget for the respective implementation periods.
40. No expenditures or activities not authorized under the original agreement can be incurred or started prior to, or after the effective date of the amendment. Any direct or indirect expenditure/cost amounting to greater than the approved grant amount will not be allowed.

#### **H. Budget Revisions**

41. All requests for budget revisions must be submitted to the secretariat with the proposed budget and a detailed justification. Budget revisions result in a grant amendment. Budget/expenditure variations are allowed without a budget revision as specified below:
  - a. Expenditure on budget sub-categories does not exceed 10% of the contractual budget categories over a given budget year,
  - b. The variations are within the scope of the defined outputs and activities as specified in the log frame and the work plan, (i.e. not new or unplanned activities), and
  - c. The total amount approved by the secretariat is not exceeded (i.e. there must be underspent amounts from another budget line item).
42. Such variations can be undertaken by the member without seeking prior secretariat approval or notifications from the secretariat.

#### **I. Completion or Termination of Grants**

43. 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 member or the Santiago network. 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 Santiago network secretariat through the host that awarded the grant, the amounts must not be used for other activities outside the scope of the budget.
44. For the financial closure, the member will submit the final reports as per the obligations of the grant agreement upon termination or expiry of the agreement. The Santiago network secretariat will evaluate and approve the member reports with emphasis on results and deliverables being in line with the obligations of the grant agreement.
45. Unless otherwise defined in the legal agreement, the financial closing of the grant is tied to the last payment which will be released based on the following:
  - a. Acceptance by the secretariat of the final financial report from the member;

- b. Acceptance of the final narrative report and MEAL related data reporting by the secretariat, as well as the acceptance of any other pending reports as defined in the grant agreement;
  - c. Approval of the final evaluation report (if required);
  - d. Return (or deduction from final payment) of unspent funds and/or ineligible costs (if applicable);
  - e. All outstanding subcontracting issues have been settled;
  - f. There are no outstanding claims or investigations on the agreement.
46. Once the final payment is completed, the entire documentation of the project is archived, and it is declared closed.

**J. Agreement Duration**

47. While accepting country technical assistance requests and during the establishment of specific grant activities – i.e. when preparing a Call for Proposal (CFP) – due consideration must be given to the life-cycle of the duration of the overall Santiago network work program. No financial commitments can be made that exceed the work program period and its corresponding funding. In addition, an appropriate buffer (i.e., 6 months) is recommended between the end date of a grant activity and the end date of the current phase. This allows for proper management of closure activities, evaluations, preparation of reports, the accommodation of unforeseen events, proper accounting etc. In practice this means that grants issued during the final year of the current phase should have a comparatively shorter duration.

**K. Disbursement of payments**

48. The rights and obligations of members providing technical assistance regarding the disbursement of payments are stated in Articles 3 and 9, among others, of the General Conditions attached as Annex A to the legal agreement. The following section contains information designed to provide operational guidance on the process of disbursing payments.
49. The secretariat is responsible for managing fund disbursements and monitoring expenditure of members according to the agreements with the members and subject to a review of ongoing performance against the agreement.
50. The legal agreement includes a schedule for disbursements for the duration of the grant. Based on this schedule, the member is expected to submit a fund request together with the Financial Report due following the end of each reporting period on the basis of the approved work plan for the next period. The secretariat 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 member. The secretariat will ensure that all due reports have been received and approved by the secretariat before disbursements.
51. Disbursements to the member will be limited to agreed budget costs up to a maximum of 6 months of implementation unless otherwise agreed in the agreement.

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

## **V. Audits**

53. Santiago network activities will be subject to UNOPS external and internal auditing, in line with its Financial Rules and Regulations. External audits are conducted by the United Nations Board of Auditors. UNOPS Internal Audit and Investigations Group (IAIG) conducts internal audits and may appoint external auditing firms to conduct activity specific audits under their guidance.
  - a. To ensure that the Santiago network appropriately delivers on its commitments, in line with the approved work programme and annual budgets, annual audits are conducted by IAIG. These audits include all processes engaged in delivering the Santiago network secretariat activities, including grants.
  - b. A relevant audit clause is included in the agreement established between the member and UNOPS to ensure that all Technical Assistance activities by members through the provision of funding are appropriately audited..
  - c. All UNOPS internal audit reports and external audits by the UN Board of Auditors are publicized.

## **VI. Reporting**

54. The Santiago network secretariat will report annually to the governing body or bodies<sup>7</sup>. This will include the information on technical assistance provided through the Santiago network, including the funds received and disbursed. The secretariat will also include information on technical assistance funded directly by the Santiago network made available to communities particularly vulnerable to the adverse effects of climate change.
55. The Santiago network secretariat will also provide the donors with full information on the implementation of the activities of the Santiago network through harmonized annual progress report(s) and a final report. These reports will consist of a narrative part and a financial part - one uniform report for all donors. Every report, whether progress or final, will provide a complete account of all relevant aspects of the implementation of the activities of the Santiago network for the period covered. The report will describe the implementation according to the activities envisaged in the work programme as well as the degree of progress towards the achievement of its results (outputs, outcomes, and if possible impact) as measured by corresponding indicators. The report will be drafted in such a way as to allow monitoring of the results, the means envisaged and employed.
56. Where the overall action of the Santiago network lasts longer than the implementation period of a specific contributor agreement, donors may request – in addition to the final reports to be submitted - the final reports of the overall programme, once available.

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<sup>7</sup> The Santiago network secretariat will prepare an annual report and submit it to the Advisory Board for its consideration and approval. The approved report will be forwarded to the secretariat to be included in a joint annual report of the Santiago network and the Executive Committee submitted to the governing body or bodies through their subsidiary bodies.

57. Any alternative or additional reporting requirements shall be set out in each contribution agreement.

## **VII. Review of these guidelines**

58. Under the guidance of the Advisory Board, the Santiago network secretariat will review the modalities for catalysing technical assistance as the Santiago network gains experience in the facilitation and implementation of technical assistance..
59. These guidelines will be reviewed every two years to ensure that they continue to be applicable, based on lessons and experiences. Any amendments to these guidelines require the approval of the Advisory Board.