Reserve Allocation Strategy

Allocation Details	
Allocation Title	*Addressing Food Security Crisis in Borno, Adamawa and Yobe*
Allocation Type and Round	*2023 1st Reserve Allocation*
Allocation Amount	*US$ 11,000,000*
Emergency Type	Natural Disaster
Emergency Sub-types	*Drought*
Emergency Triggered Date (optional)	
Special Initiative (optional)	*Not applicable*
Allocation Launch Date	*14 June 2023*
Proposal Submission Deadline	*20 June 2023*

Section 1: Strategic Statement

Food security in Nigeria continues to be impacted by persistent conflict in the BAY states, climate change, inflation and rising food prices. This is compounded by the COVID-19 pandemic, fuel price inflation and its knock-on effects on households' income and livelihoods. Millions of Nigerians will be at risk of hunger during the lean season (June and August), with children most at risk of acute malnutrition. In parallel with a $9 million CERF Allocation, the NHF is activating a $11 million Reserve Allocation to rapidly scale up local response to address food access and insecurity.

Section 2: Humanitarian Context

More than 4.3 million people food insecure in the BAY states. These are people that are already made vulnerable by 14 years of conflict. Their ability to survive will depend on external assistance. The impact of the food crisis is that many will adopt negative coping mechanisms such as selling their productive assets for short-term survival, begging or borrowing money to survive, recruitment to non-state armed groups or resorting to survival sex. Women and children are at particular risk and are often exposed to sexual and gender-based violence in crisis. A key challenge to address this situation is desperate lack of funding. If not addressed, the situation may deteriorate to famine like conditions for many.

Alongside the food crisis is a rapidly expanding nutrition crisis. Some two million children are predicted to be acutely malnourished at the height of the lean season, together with 170,000 pregnant and lactating mothers. The situation for severely acutely malnourished children is even more alarming. Almost 700,000 children are predicted to be severely acutely malnourished (SAM) during the lean season, meaning that their prospects of survival are acutely diminished. In three years, the number of predicted SAM cases have more than quadrupled.[1]

The combined impact of food insecurity and not getting the right nutrients in the right quantities, children falling sick from waterborne or other disease are threatening their lives. The lean season coincides with the rainy season increasing the risk to children's lives. This is when the incidence of acute watery diarrhea, cholera and other waterborne disease increases, as well as malaria and other disease, causing complications to malnourishment. If not treated in time, these children are at risk of dying.

Section 3. Allocation Priority/(ies)

3.1 Overview

Allocation by sector

Sector	***Allocation***
Nutrition	*$ 4.0 million*
Health	*$ 1.5 million*
WASH	*$ 4.0 million*
Protection GBV AOR	*$ 1.0 million*
Protection CP AOR	*$ 0.3 million*
Protection MA AOR	*$ 0.2 million*
Total	***$ 11.0 million***

1 *2023 Lean Season Food Security and Nutrition Crisis Multi Sector Plan*

3.2 Prioritized Activities

Sector	*Partner name*[2]	*Priority description*	*Prioritized activities*	*Amount allocated. (US$)*	*Maximum project duration*	*Geographic location*	*People targeted*
WASH	GPON	*Improve access to WASH NFIs & IEC materials for IDPs, returnees and host communities*	- *Common Pipeline and service conception and prepositioning and monitoring of WASH NFIs & IEC Materials*	500,000	*6 months*	*Bama Damboa Dikwa Gwoza Magumeri Monguno Ngala*	250,000
	SI	*Deploy mobile rapid response teams (RRTs) to SAM and AWD/ cholera affected households for IDPs, returnees and host communities*	- *Distribution of WASH kits with hygiene promotion, rehabilitation of water and sanitation facilities*	200,000	*6 months*	*Dikwa Monguno Bama Damboa Gwoza Magumeri Ngala*	5,000 HHs
	DRC	*Improve basic common sanitation service for IDPs*	- *Dislodging of pit latrines to compliant dumping sites*	250,000	*6 months*	*Bama*	100,000
	DRC FHI-360 IMC FREE INTERSOS IRC LPF JDPC SI	*Deliver a WASH minimum package to the SAM admitted in Stabilization Centers and improve the WASH access at household and community level for IDPs, returnees and host communities*	- *Hygiene promotion and household water treatment training in Stabilization Centers* - *Distribution of WASH kits for SAM and self-monitoring by the affected households* - *Rehabilitation and optimization of WASH infrastructures.* - *Solid waste management and open defecation free in critical places (water points, public spaces, household level)*	*3,050,000*	*6 months*	*Bama Gwoza Dikwa Ngala Damboa Monguno Magumeri*	55,000
Health	*RHHF AHSF INTERSOS AHI IRC*	*Provision of basic life-saving quality health care services to affected IDPs, returnees, people in extremely-hard-to-reach areas and host populations.*	- *Provision of continuous primary health services in the communities with high gaps* - *Integrated Management of Childhood illness (IMCI) and complicated SAM cases.*	*1,500,000*	*6 months*	*Bama Bursari Gwoza Dikwa Ngala Damboa Monguno Magumeri*	*152,000*

[2] In situations where the application of the criteria to identify partners for invitation to submit proposals results in more than one partner being invited to submit a proposal for the same scope of work, a limited competitive process may be conducted.

			- *Provision of reproductive health services including using delivery kits for clean/safe deliveries in extremely hard to reach communities.* - *Cholera, malaria and typhoid active case search and case management with bolstering Risk Communication and Community Engagement.* - *Early detection, samples collections and shipments for lab processing and reporting.* - *Pre-positioning of Essential medicines and supplies, malaria and cholera kits.* *Training and deployment of health staffs (Mobile Medical Teams) to extremely hard to reach communities.*				
Nutrition	*INTERSOS* *PUI* *IRC* *FHI360* *GPON* *AHSF* *ACTIONAID* *FRAD* *PLAN* *IMC* *LABDI*	*Improve access to quality preventive and curative nutrition services through early detection, skilled MIYCN counselling and treatment of SAM and MAM*	- *Sustain and scale-up stabilization center (SC) bed capacity* - *Reactivate stabilization center (SC)* - *Provide services for treatment of SAM and moderate acute malnutrition (MAM) among children under 5 years* - *Establish OTPs/Scale-up OTP services/Conduct mobile OTP services* - *Conduct mass MUAC screening, skilled MIYCN counselling and train mothers on family MUAC approach* - *Provide services for treatment of MAM (Tom Brown) among children aged 6-59 months and PLW* - *Mainstream GBV prevention and mitigation measures in the nutrition response* - *Mainstream hygiene and sanitation*	*4,000,000*	*6 months*	*Bama* *Bursari* *Dikwa* *Damboa* *Magumeri* *Bursari* *Gwoza* *Jakusko*	*87,898*

			promotion and mitigation measures in the nutrition response				
Protection-Child Protection	*Street Child Nigeria*	*Children at risk (boys and girls) including adolescents, children with disabilities access preventive and comprehensive quality response services in a timely manner*	- *Create awareness and reach girls, boys, women and men with information on child protection issues, laws, positive parenting and existing referral pathways and child protection services* - *Provide comprehensive multi sectorial case management support to boys and girls at risk of (abuse, SGBV, neglect, exploitation, child labor , trafficking,& child marriage etc.)* - *Provide structured recreational and creative psychosocial services*	*300,000*	*6 months*	*Damboa* *Bama* *Gwoza* *Dikwa* *Monguno* *Magumeri*	*15,000*
Protection-GBV	*INTERSOS* *FRAD* *RHHF* *IMC*	*Improve access to life saving and essential GBV services for IDPs in resettlement IDPs camps, and host communities*	- *GBV case Management.* - *Distribution of Dignity Kits* - *Capacity building for community structures, and NGO partners on mainstreaming gender and GBV.* - *Community mapping and safety audits* - *Development of IEC material and Audio/Video.* - *Capacity building training for Case Workers, PSS Counselors, law enforcement and ministry of justice, health workers on CMR, PSEA.* - *Conduct community sensitizations/awarenes ss campaigns on GBV, root causes, response and prevention for returnees, persons with disabilities, women, adolescent girls, men and young people.* - *Conduct of Men as Agent of Change*	*1,000,000*	*6 months*	*Magumeri* *Dikwa* *Damboa* *Bama* *Monguno* *Gwoza*	*34,200*

			Training to selected men in the community. - *Development and Dissemination of IEC Materials (Key Messages for GBV & PSEA), Posters, stickers and other visibility materials* - *Establish Women and Girls Safe Spaces and enhance community knowledge and awareness raising through community groups.* - *Procurement of essential drugs and medical consumables at the OSCs and IHFs and dignity kits.* - *Provide Psychosocial support to SGBV survivors and women and girls.* - *Provide Referrals and linkages for cases of rape to health facilities and other services- livelihood, safety and security.* - *Provide vocational skills training for survivors and individuals at risk of GBV.* - *Provision of life saving services with focus on multisectoral approach. These services include, medical services, MHPSS, legal services, safe shelter, security services.* - *Provision of Livelihood kits to most vulnerable GBV Survivors and women with a higher protection risk* - *Provision of PSS Intervention through the Women and Girls Safe Spaces (WGSS) through individual and group counselling, Play/recreation, learning/informal education, wellness/wellbeing*				

			activities and skills acquisition activities. - *Scale up programs for lifesaving GBV prevention and response on GBV.* - *Staff and Community Volunteers Capacity Building* - *Strengthen the referral pathway and linkages system to connect survivors with appropriate services.* - *Strengthening Community based-protection network through capacity building of leaders and members.* - *Strengthening Community based-protection network through capacity building of leaders and members on, GBV, PSEA, AAP and other protection concerns.* - *Provision of PSS Intervention through the Women and Girls Safe Spaces (WGSS) through individual and group counselling, Play/recreation, learning/informal education, wellness/wellbeing activities and skills acquisition activities.* - *Workshop for Community leaders and other stakeholders on Protection, GBV, PSEA, AAP and other protection concerns* - *Support the coordination of GBV response, Assessment, and service mapping.*				
Protection-Mine Action	*LABDI*	*Explosive Ordnance Risk Education to mitigate the risk posed by explosive ordnances to at-risk persons in farming areas*	- *Providing explosive ordnance risk education (EORE) safety messages to at-risk persons including IDPs, returnees and host community members.*	*200,000*	*6 months*	*Gwoza* *Damboa* *Dikwa* *Ngala*	*25,000*

		Gwoza and Bama LGAs	- *Documenting hazardous/ suspected hazardous.*				
Total				**$11,000,000**			

3.3 Envelope by partners and sector (in $US)

Partner	Health	Nutrition	WASH	Protection GBV	Protection CP	Protection Mine Action	Total
ActionAid		200,000					200,000
AHI	250,000						250,000
AHSF	350,000	270,000					620,000
DRC			450,000				450,000
FHI-360		400,000	250,000				650,000
FRAD		200,000		200,000			400,000
FREE			300,000				300,000
GPON		200,000	500,000				700,000
IMC		360,000	400,000	200,000			960,000
INTERSOS	350,000	560,000	550,000	300,000			1,760,000
IRC	350,000	420,000	250,000				1,020,000
JDPC			300,000				300,000
LABDI		200,000				200,000	400,000
LPF			300,000				300,000
Plan		700,000					700,000
PUI		490,000					490,000
RHHF	200,000			300,000			500,000
SI			700,000				700,000
Street Child					300,000		300,000
Total	**1,500,000**	**4,000,000**	**4,000,000**	**1,000,000**	**300,000**	**200,000**	**11,000,000**

Section 4.1 CERF Complementarity

This allocation will complement a parallel $9 million CERF Rapid Response Allocation, which is primarily to support lean season plan developed to respond immediate needs of food insecurity in the region. CERF is primarily targeting Nutrition, Food security, agriculture and livelihoods while NHF will be contributing a sum of $11 million to support WASH, Health, Nutrition and Protection through prioritized eligible NNGOs and INGOs partners on ground through a multi sectoral approach, thus ensuring a comprehensive approach in addressing food insecurity and malnutrition.

Given that not all priority geographic areas will be targeted with these $20 million complementary allocations, an advocacy campaign, including a missions and briefings with the North East Ambassadors Group and member states sitting in Geneva to demonstrate UN commitment and promote a catalytic effect to bring in additional resources using a similar successful approach used in 2022.

Section 4.2 Other Complementarity

This complementary NHF/CERF Allocation and additional resources raised will in turn contribute to Outcome 5 (Improved Food Security & Nutrition) of Strategic Priority 2 Environmental Protection & Climate Change Resilience of the Nigeria UNSDCF, serving as the initial humanitarian response of the broader collective outcome. This allocation through supporting the CERF Rapid Response Allocation will help UNICEF, FAO and WFP further support the RC/HC to further input into the Food Systems stocktaking meetings and encourage the government to further engage and provide leadership in Food Systems.

Section 5. Selection Criteria

Eligible Partners: To provide the most efficient and effective response, given the time critical nature of these interventions, the following partners have been pre-selected from the NHF Eligible Partner list by the relevant sectors in consultation with OCHA Coordination/ Inter-sector units to ensure the operational presence and continuity of service and ensure timely delivery of assistance to the most vulnerable.

Partner selection criteria:

- An NGO or INGO NHF Eligible Partner currently without compliance issue.
- Operational presence in the targeted geographic location with good track of coordination and information (5Ws) sharing with relevant sector.
- Capacity to carry out specific identified prioritized activities in prioritized LGAs without support of startup cost.
- Sector driven process; based on partners' presence on ground, current gaps and ongoing response on the ground.
- Partners has the capacity to start response immediately on ground.

Section 6: Process and Timeline

The joint needs analysis for the implementation of this NHF Rapid Reserve Allocation, was provided by an intersectoral analysis based on the 2023 Nigeria Humanitarian Needs Overview, the Cadre Harmonize, the draft 2023 Lean Season Food Security and Nutrition Crisis Multisectoral Plan for North-East Nigeria, as well as a consultation with Food Security focused national NGOs highlighting the needs for the joint CERF and NHF Emergency Response interventions.

This complementary NHF Allocation was put together following the launch of the CERF Allocation. It is designed given the time-sensitive nature of these interventions, the Humanitarian Coordinator tasked OCHA Coordination and relevant sector coordinators to put together a strategy highlighting prioritized interventions and locations for CERF. A consultative group of Food Security linked national NGOs was put together to discuss their recommendations with the strategy which was subsequently presented to the HCT, with recommended envelopes. HCT members were given an opportunity to comment. After considering the comments, the HC approved the envelopes and guidance strategy awarding envelopes to UNICEF, WFP and FAO.

A subsequent consultation was conducted with the OCHA Coordination, Information Management team and NHF teams to determine the parallel activities and areas complementary to CERF to achieve maximum impact. Relevant sectors were subsequently consulted to confirm the appropriateness of these activities and identify specific partners and envelopes ready and available to take on the task. Following a quick consultation with the NHF Advisory Board for final comment, the HC endorsed the strategy on 14.06.2023.

6.2 Allocation Timeline

Reserve Allocation Workflow[3]	Start Date	End Date	Responsible body
Step 1. Allocation Strategy development	24 May 2023	13 June 2023	OCHA/HFU
Step 2. Submission of project proposal(s)	14 June 2023	20 June 2023	Partners
Step 3. Final technical and financial review	21 June 2023	30 June 2023	OCHA/HFU, Technical experts, Partners, CBPF Section
Step 4. Final approval by HC and Grant Agreement	3 July 2023	5 July 2023	OCHA/HFU, HC, Partner
Step 5. Disbursement	6 July 2023	15 July 2023	OCHA/CBPF Section, Partners

Section 7: HFU Contacts and Complaints

7.1 Key Contacts

• **NHF Head of Unit**	George Swinimer	swinimerg@un.org
• **Technical Review Lead**	M. Awais Awan	awan6@un.org
• **Finance Lead**	Kizito Iranya	kizitoi@un.org
• **Programme Lead**	Thet Mon Soe	soe4@un.org
• **Budget Review**	Kizito Iranya	kizitoi@un.org

7.2 Complaints and Feedback Mechanism:

The IP must immediately (within 48 hours) notify OCHA of an incident that may impact OCHA-funded activities or personnel, even if the events or their impact on OCHA funding are not yet confirmed. Early disclosure of suspicions by the IP shows transparency and good faith, which will be taken into consideration when determining measures required. Complaints and Feedback can be shared through in order of priority:

[3] In situations where the application of the criteria to identify partners to invite to submit proposals may result in more than one partner being invited to submit a proposal to complete the same scope of work, a limited competitive process with a rapid strategic review may be required.

- The NHF complaints mechanism (ocha-nga_hfucomplaints@un.org)
- NHF Pooled Fund Manager (swinimerg@un.org)
- The OCHA Head of Office (jensen8@un.org),
- The Hotline of the United Nations Officer for Internal Oversight Services (OIOS) (https://oios.un.org/content/contact-us)

Section 8: List of Annexes

Annex 1: Standard Indicators
Annex 2: Budget preparation guidelines

The United Nations does not charge fees for any CBPF processes (incl. for funding eligibility reviews and assessments, applications, selections and proposals, partner strategic and technical reviews, any approvals incl. grant agreements, trainings and capacity building initiatives, waivers, certifications, etc.).

Annex 1: Standard Indicators[1]

2023 Nigeria HRP	
Sector	**Indicator**
WASH	Number of affected people benefit from community tailored gender and age-sensitive hygiene messages aiming at hygienic behavior and practices as per the sector's standards.
	Number of cholera affected people with WASH kit provided at HH level.
	Number of affected people have safe and dignified access to improved sanitation facilities, as per the sector's standard.
	Number of people having access to emergency safe water facilities and services as per sector's standards.
	Number of people benefiting sustained desludging and cleaning of their latrines as per sector's standard.
	Number of people assisted with WASH NFIs (hygiene kits, replenishment hygiene kits, WASH cholera kits, WASH Nutrition kits, sanitation kits and MHM kits).
	Number of Health Care Facilities, Nutritional Centers, temporary learning centers (TLC), Child Friendly Spaces (CFS), schools and other relevant public places assisted with appropriate emergency WASH facilities supporting affected children.
	Number of SAM admitted in Nutrition Program with WASH critical supplies provided for the HH level
Health	Number of persons reached in health facilities supported by the health partners.
	Number of persons reached by health partners providing an essential life-saving package of health services within IDP Camps.
	Number of persons reached health education at the community level.
	Number of health facilities providing sexual and reproductive healthcare services including family planning supported by the health partners.
	Number of health workers trained by the health partner.
	Number of persons reached by the mobile medical team within the community/extremely hard-to-reach area.
Nutrition	Number of children 6-59 months screened for acute malnutrition including disability
	Number of Children with SAM admitted in the OTPs programme/inpatient care/SCs
	Number of children with MAM admitted in the targeted supplementary feeding programme (RUSF or Tom Brown).
	Number of PLW reached with treatment of MAM (SNF or Tom Brown)
	Number of pregnant and lactating women/caregivers of children aged 0 to 23 months reached with skilled MIYCN support, hygiene, and other key household messages
	Number of mother to mother /father to father support groups or care groups established for scaling up of IYCF-E promotional services
	Number of implementing partner staff receiving training to support programme implementation
	Number of mass MUAC screenings conducted
	Number of caregivers trained on family MUAC approach
	Number of nutrition facilities with GBV risk mitigation measures in place

[1] All target indicators should be presented with data disaggregated by age, gender and disability, as much as possible.

Protection	(Child Protection) Number of girls, boys, women, and men who benefitted from specialized protection services.
	(Child Protection) Number of girls and boys formerly associated with armed groups (CAAFAG) reintegrated and provided with community-based reintegration assistance.
	(Child Protection) Number boys and girls at risk that benefit from comprehensive multi-sectorial case management support (abuse, neglect, exploitation, child labour & child marriage etc).
	(GBV) Number of women and girls safe spaces established for GBV prevention and response services
	(GBV) Number of beneficiaries provided with GBV case management and specialized services.
	(GBV) Number of individuals who receive material assistance and dignity kits.
	(GBV) Number of beneficiaries who demonstrate improved capacity from peer support, mentoring/coaching, skills building and empowerment programs.
	(GBV) Number of frontline responders who demonstrate awareness on services for GBV/TIP/WAFAAG/Early and Child marriage and ability to make safe referrals to appropriate assistance.
	(GBV) Number of relevant institutions/facilities (state services and humanitarian partners) that demonstrate increased capacity in provision of survivor centred services.
	(GBV) Number of practitioners who demonstrate in-creased knowledge in improving the quality of service provision.
	(Mine Action) Number of EORE community volunteers trained and deployed.
	(Mine Action) Number of at-risk persons reached with EORE safety messages.
	(Mine Action) Number of hazardous/ suspected hazardous areas documented and reported to UNMAS.

6. Administration of CBPF financial resources

6.1. Project budgets

296. This guidance applies equally to all partners and provides a common framework for the appropriate administration of financial resources provided for the implementation of approved projects. It defines eligible and ineligible costs, direct and indirect costs, budget categories and the required breakdown of budget lines.

297. In the budgeting process, partners are expected to:

i. Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project. The budget shall be cost-efficient with a focus on the CBPF project.
ii. Use and comply with the requirements of the project budget template and budget breakdown (annex 11), in accordance with the classification and itemization of planned expenditures as described below. Partners should ensure the same templates and guidance are adopted by any sub-partners involved in the project and provided with financial resources.
iii. Provide a budget narrative that clearly explains the objective, rationale and content of each budget line. Complementary documentation shall be provided to support the budget narrative.

Budget categories

298. The following should be included within each respective budget category:[62]

Category A: Staff and other personnel costs

i. Staff, consultants and other personnel to be recruited and paid directly by the Partner should be included in this budget category. The budget narrative shall specify the salary grade/level for each staff/budget line, duty station, details of the position and the functions that will be carried out in relation to project implementation, and cost breakdown (e.g., salary, social security, medical and life insurance, hazard pay, etc.).

Category B: Supplies, commodities, materials

ii. All consumables to be purchased under the project, including associated transportation, freight, storage and distribution costs, should be included under this budget category. Cash and voucher assistance to affected people directly implemented by the partner shall be budgeted under this category. The partner should explain how the unit quantity and unit cost have been estimated. For standard and low-value kits, there should be a description of the kit composition, how the composition was agreed and how the cost of the individual component items has been estimated. For non-itemized construction materials, the narrative will describe how construction costs have been estimated on the basis of a standard prototype of building (e.g. latrine, health post, shelter), type of materials (e.g. wood, prefabricated, brick/cement/concrete) and provide a formula or rationale used for cost estimation (e.g. per square foot or metre, previous experiences, etc.). All consumables budgeted under the project should clearly indicate the project activities they are linked to.

Category C: Equipment

[62] With regards to localization efforts, CBPFs acknowledges the importance of the quality of funding and will ensure funding is allocated fairly under the appropriate budget categories (including necessary costs for staffing, security, and safety) relevant to the project and that directly contributes to the implementation of the project.

iii. This budget category covers non-consumables to be purchased under the project, including associated transportation, freight and storage costs. The narrative should explain how the unit quantity and unit cost have been estimated. For large and/or expensive equipment items, the budget narrative should describe how the item(s) is necessary for the implementation of the project. Non-consumables budgeted under the project should have a clear explanation of their purpose and a clear rationale for their use in relation to project activities and should also include supporting technical specifications.

Category D: Contractual services

iv. Services provided by vendors of commercial nature shall be budgeted under this category. For Contractual Services under this budget category, the corresponding budget narrative should provide a clear description of works and services to be contracted under the project with a corresponding explanation of how the unit quantity and unit cost for each contract/budget line have been estimated. The description should include the location and type of services to be provided and demonstrate that they are directly linked to project activities. Associated fees related to cash and voucher assistance that is delivered through a service provider should be included in this category.

Category E: Travel

v. Costs related to travel of staff, consultants and other personnel-related to project implementation should be budgeted under this category. For domestic and international travel, the budget narrative should explain how the number of trips and the cost of each trip have been estimated and should provide a clear rationale for how the proposed travel directly supports project implementation.

Category F: Transfers and grants to counterparts

vi. This budget category is used to capture planned transfers and sub-grants to counterparts of non-commercial nature. The budget narrative should include the name of the sub-partner, explain the objectives and activities related to each transfer and/or sub-grant, and provide a cost breakdown (to be uploaded to the documents tab of GMS as a separate file) in the same categories as for the main partner's budget (i.e., A. Staff and other personnel costs, B. Supplies, commodities, materials, C. Equipment, D. Contractual services, E. Travel, F. Transfers and grants to counterparts, and G. General operating and other direct costs). This budget category shall only include direct project costs of sub-partners - the programme support cost (PSC) of sub-partners should be covered within the PSC for the whole project, which should be shared fairly between the partner and the sub-partner(s) in line with the stipulations of the Grant Agreement.

Category G: General operating and other direct costs

vii. This budget category is for general operating expenses and other direct costs, as well as contingency budget lines related to project implementation but not captured under other budget categories.[63] The budget narrative should explain how the unit quantity and unit cost have been estimated for each budget line and how the costs are directly related to, and necessary for, project implementation.

<u>Eligible and Ineligible costs</u>

Eligible costs

[63] For more guidance on the addition of contingency budget lines refer to chapter 4, section 4.4.

299. The following attributes define eligible costs:

i. Must be necessary and reasonable for the delivery of the objectives of the project
ii. Must comply with the principles of sound financial management, particularly the principles of economy, efficiency, effectiveness, transparency and accountability
iii. Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period, at the time of financial spot checks and/or audit or at the time requested by OCHA.

300. Eligible costs include:

i. Staffing costs, including salaries, social security contributions, medical insurance, hazard pay (when applicable) proportional to the project implementation period, and any other cost included as part of the salary benefits package of the organization. Salaries and related costs may not exceed the costs normally borne by the partner in other similar projects. The appropriate amount of staffing costs shall be determined by the context and the specific project requirements rather than by any pre-determined set range or proportion of the total budget.
ii. Bonus (e.g., holiday bonus), if mandatory or considered as a legal cost that stems from local government ordinances within the country context.
iii. Pension benefit/allowance, severance expense, annual leave encashment and similar items that are part of standard staff entitlements but are paid only when the staff member is separated (typically after the project has been completed) may be eligible. For such costs to be considered eligible, they must be expensed within the project period and be recorded on or before the project end date to a designated account within the organization for the purpose or be charged to the fund centre if the partner has only one bank account. Since these entitlements are typically accrued in relation to each complete year of employment, where the project duration is other than an integer of years (for example, where the project has a duration of 9 months or 15 months), the cost charged to CBPF budget shall be calculated proportionately with the remaining part to be covered by other funding sources.
iv. Costs for consultancies necessary for the implementation of the project.
v. Allowances and/or incentives to teachers and medical personnel can be deemed eligible based on the country context and where their expertise and activities/services are not paid by the government but are required to directly support project objectives.
vi. Hospitality expenses for training, events and meetings directly related to project implementation, where project staff and external stakeholders participate.
vii. Support staff costs at the country level directly related to the project.
viii. Travel and subsistence costs, whether solely or shared, are directly linked to the project implementation for project staff, consultants and other personnel, provided the costs do not exceed those normally borne by the partner.
ix. A contribution to the partner's Country Office costs, as shared costs charged on the basis of a well-explained calculation (including through the use of timesheets) or reasonable apportionment system. Shared costs must be itemized either in the narrative for the budget line or through a separate supporting document uploaded to GMS.
x. Financial support to affected people as targeted within the project proposal, including cash and voucher-based distribution.
xi. Costs for purchase of goods and services delivered to affected people as targeted within the project proposal, including quality control, transport, storage and distribution costs.
xii. Costs related to non-expendable items (assets) such as equipment, information and technology equipment for registration and similar field activities (including IT software licenses directly relevant to project activities), medical equipment, water pumps and generators. Duplicated costs for investment in the same equipment by the same partner under different project budgets shall be ineligible. The HFU shall monitor asset inventories procured through

OCHA-funded projects, consider the utility life of such assets, and ensure there is no duplicated and unjustified investment.

xiii. Expenditure incurred by the partner related to awarding contracts required for the implementation of the project, such as expenses for the tendering process.
xiv. Costs incurred by sub-partners and directly attributable to the implementation of the project.
xv. Banks/funds transfer fees, cash and voucher assistance fees to affected people targeted by the project and fees for payments to vendors for project activities can be eligible under the relevant budget category or under category G. General Operating Expenditures. (Partners shall establish a local bank account to directly receive CBPF funds transfer. In the case that the partner chooses to receive funds from its HQ bank account, then the partner shall be responsible for covering the transfer cost from its HQ to the local bank account via its programme support cost).
xvi. Other costs derived directly from the requirements of the Grant Agreement such as monitoring, reporting, evaluation, dissemination of information, translation, insurance and financial service costs.
xvii. Costs paid during the 60 days liquidation period after the project end date that is directly linked to project activities carried out during the project period and recorded in the partner's accounting system as pertaining to activities carried out during the project validity period.
xviii. If local legislation requires that the partner pays certain taxes, such taxes are deemed eligible. However, if the local authority exempts a partner from paying taxes and the partner obtains a refund of such taxes already paid, the corresponding amounts shall be refunded to OCHA within the stipulated timeline.
xix. Any costs outside those described above but which the partner considers eligible can be submitted for review by the OCHA HFU for exceptional consideration, in liaison with OCHA headquarters. Such costs shall obtain well-documented prior approval in order to be deemed as eligible costs.

301. On a case-by-case basis and depending on the objectives of the Fund, the HFU retains the flexibility to consider the following costs as eligible at the time of finalising the project budget:

i. Government staff training as a component of a project activity that contributes to the achievement of the project objectives.
ii. A reasonable level of visibility material of the partner in relation to the project funded.
iii. Purchase of vehicles when the cost of vehicle rental during the project period exceeds the cost of vehicle purchase. In such cases, upon comprehensive cost-benefit analysis, the Fund can cover the portion of the vehicle purchase cost that is proportional to the project duration against the whole usable life of the vehicle.
iv. Depreciation costs for non-expendable/durable equipment used for the project proportional to the project duration, for which the equipment cost is not funded in the current budget or prior CBPF funding.
v. Equipment for the regular operations of the partner and which is also essential for the implementation of the project.

Ineligible costs

302. The following costs are ineligible:

i. Costs not included in the approved budget or approved budget amendments

ii. Costs incurred outside the approved implementation period, including any approved amendment/extension to the period. Any new commitments incurred after the project end date (even during the liquidation period) will be considered ineligible
iii. Debts and provisions for possible future losses or debts
iv. Interest owed by the partner to any third party
v. Items already financed from other sources
vi. Purchases of land or buildings
vii. Currency exchange losses. Any loss incurred by the partner due to exchange rate fluctuation cannot be included as expenditure, i.e., partners cannot exceed the expenditures on the approved budget line due to exchange loss
viii. Cessions and rebates by the partner, contractors or staff of the partner of part of declared costs for the project
ix. Government staff salaries. Salaries to teachers and medical personnel (who are considered as government staff) are ineligible
x. Hospitality expenses unrelated to the project or for project staff only (without involving external stakeholders)
xi. Incentives, mark-ups, or gifts to staff and Government officials, which are not mandatory or not considered a legal cost that stems from local government ordinances within the country context
xii. Fines and penalties
xiii. Duties, charges, taxes (including VAT) recoverable by the partner
xiv. Global evaluation of programmes
xv. Audit fees of CBPF required audits – these costs are paid directly by CBPFs, and charged as direct cost for the management of the Fund
xvi. Costs related to internal auditing of the partner

Exchange rates

303. The currency used for the purpose of the Grant Agreement, including for disbursement to the partner, reporting and refunds, is the United States Dollars (USD). When undertaking financial transactions in currencies other than USD, while the UN agency partner shall use UN Operational Rates of Exchange (UNORE), the NGO partner shall use the most favourable official rate of exchange from one of the following acceptable sources for all transactions related to the implementation of the project:

    i. UN Operational Rate of Exchange (UNORE)
    ii. Prevailing market rate by the respective federal bank or authorized currency exchange
    iii. InforEuro

304. Partners should ensure that when using any one of the above exchange rates, a sound accounting system that can track the transfer of funds is maintained.

305. Exchanges can only be allowed through the respective federal bank or an authorized currency exchange entity, and partners are required to provide all supporting documents of the actual transactions to substantiate the use of the exchange rate. The use of unofficial parallel market rates or black market rates are not acceptable.

306. Mean or average exchange rates in use for other donors are not acceptable.

307. Partners cannot automatically dispose of exchange rate gains. Such gains should either be offset against further disbursements from OCHA or returned to OCHA.

308. Any loss incurred by the partner due to exchange rate fluctuations cannot be included as an eligible project expenditure and shall be absorbed by the partner.

Direct and indirect costs

309. There are two categories of eligible costs - direct and indirect costs.

Direct costs

310. Direct costs must be clearly linked to the project activities described in the project proposal and the logical framework. They are the costs directly related to the implementation of the project. Direct costs include (a) the costs of goods, services and equipment that directly benefit affected people, such as the costs of supplies, materials, commodities and associated transportation, freight, storage and distribution costs, cash and voucher assistance, and the personnel that directly provide services to the affected people; and (b) the costs of inputs and activities that are necessary to enable the project's main activities and the achievement of the project's objectives, such as personnel for coordination, project management, procurement and logistics, as well as general operating costs.

311. Sharing costs between different donors and projects under a country operation of a partner is an acceptable practice. The partner may share certain costs such as staff costs, office rental, utilities and vehicle rental to support different projects.

Indirect costs

312. Indirect costs are also referred to as Programme Support Costs (PSC). PSC are the costs incurred by the partner which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include corporate costs (i.e., costs of headquarters, statutory bodies, legal services, IT systems, general corporate risk management, compliance, procurement, accounting and recruitment systems, etc.).

313. PSC is charged as a maximum seven per cent of the approved direct costs of the project. PSC for NGO and UN agency sub-partners involved in the implementation of a project must be covered within the maximum 7 per cent for the whole project. As per the stipulations in the Grant Agreement, the partner is required to ensure that any PSC is fairly distributed with any NGO and UN agency sub-partner in a manner that is proportionate to the project budget and activities being undertaken by each party. The PSC section in GMS allows for a breakdown of PSC between the partner and each NGO and UN agency sub-partner.

<u>Itemization of budget lines (cost breakdown)</u>

314. Each budget line requires the following cost breakdown:

i. Itemize each national and international staff, consultant and other personnel by function, and provide unit quantity and unit cost (monthly or daily rates) for each staff position.[64] The narrative for each budget line should include details such as the type of staff position (national or international), location, grade/level, and gross salary breakdown (to be provided either directly in the narrative or as an annex uploaded in the documents tab in GMS), functions to be carried out to contribute to the project implementation (Terms of References or Personal History Profiles should not be included in the narrative, but can be provided as an annex uploaded in GMS).
ii. Any budget line whose total value exceeds US$10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative.[65] Meanwhile, as deemed necessary by OCHA, the partner should also provide a breakdown of costs for items less than $10,000.
iii. Provide list of items and estimated cost per item for kits (as an annex) when the total budget line value exceeds $10,000.
iv. When a budget line which exceeds $10,000 contains costs of multiple items, the partner should upload a budget breakdown to GMS, listing item, unit quantity, unit cost and total cost.

[64] Staff positions must be charged per unit. If staff costs are only partially charged to the given budget, this should be reflected in the percentage (50 per cent of a staff, rather than half of a staff at 100 per cent).

[65] Contingency budget lines and projects for the pre-position of funding for "48-hour response" are exceptions to this requirement at initial project budget proposal stage; but shall fulfill this requirement before triggering the actual deployment and use of the budget.

v. In the case of construction works exceeding $10,000, only labour costs and known essential materials may be budgeted and itemized, providing unit quantity and unit cost. The budget narrative should explain how construction costs have been estimated on the basis of a standard prototype of the building (e.g., latrine, health post or shelter), type of materials (e.g. wood, prefabricated or brick/cement/concrete), and the formula or rationale used to estimate construction cost (e.g., per square foot or metre or previous experiences).
vi. In the case of cash and voucher assistance, provide a budget narrative and budget breakdown to indicate the number of assisted people/ individual households, unit cost, areas/regions covered, etc. If the cash and voucher assistance is implemented by the main partner, the transfer to the assisted people shall be budgeted under category B. Supplies, commodities and materials, and the associated fees of a service provider shall be under category D. Contractual services; if the cash and voucher assistance is implemented by sub-partner, all costs shall be under category F. Transfers and grants to counterparts.
vii. Provide unit or quantity (e.g., 10 kits, 1,000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should properly reference unit measures (length, volume, weight, area, etc.).
viii. Provide technical specifications for items whose unit cost is greater than $10,000;
ix. Provide technical specifications for items whose unit costs can greatly vary based on specifications (e.g., for generators, a reference to the possible range of power would help properly evaluate the accuracy of the estimated cost).
x. Provide details in the budget narrative so that the objective of the budget line can be clearly identified.
xi. Itemize general operating costs (e.g., office rent, telecommunications, internet, utilities) for project implementation, providing quantity and unit cost. A lump sum for operating costs is not acceptable.
xii. Travel (in-country and international) shall indicate the number of trips and cost per trip.
xiii. Travel costs can be estimated as long as the calculation modality is clearly described in the budget narrative (e.g., provide estimates on the number of trips, number of travellers, number of travel days, daily subsistence allowance rates, terminal expenses, etc.)
xiv. Provide the list of items for globally standardized kits such as Post-exposure Prophylaxis Kits and Inter-agency Emergency Health Kit.
xv. The partner should provide a cost breakdown in a spreadsheet to be uploaded in the documents tab in GMS at the time of budget submission (annex 11).
xvi. The partner is responsible and accountable to ensure the budget(s) of the sub-partner(s) adheres to the principles of economy, efficiency, effectiveness, transparency and accountability. The partner must provide the name of the sub-partner before signing the Grant Agreement and ensure the sub-partner(s) budget(s) are commensurate with the planned activities and outputs and is reasonable in the specific country context. The sub-partner budget should be provided as a single line under the budget category F. Transfers and grants to counterparts. The breakdown details are not required to be provided in the budget tab of GMS but shall be uploaded under the document tab of GMS. Meanwhile, at the request of OCHA and/or the auditors, the partner is responsible and accountable to provide the necessary detailed documentation to support the budget and expenditure incurred by the sub-partner. The sub-partner's budget and expenditure details must be available, if requested, at the same level of detail and format applicable to the main partner. These documents must remain available for at least 5 years after the project termination.