Sudan Humanitarian Fund

Operational Manual

November 2017[1]

FINAL VERSION

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The mission of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors.

Coordination Saves Lives

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Acronyms

AB	Advisory Board
CBPF	Country-based Pooled Fund
CERF	Central Emergency Response Fund
CN	Concept Note
DD	Due Diligence
ERC	Emergency Response Coordinator
GMS	Grant Management System
FCS	Funding Coordination Section
FMU	Fund Management Unit –UNDP
FTS	Financial Tracking Service
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HF	Humanitarian Fund
HFRMS	Humanitarian Financing and Resource Mobilization Section
HPC	Humanitarian Program Cycle
HQ	Headquarters
HRP	Humanitarian Response Plan
IASC	Inter-Agency Standing Committee
ISCG	Inter-Sector Coordination Group
MA	Managing Agent
M&E	Monitoring and Evaluation
M&R	Monitoring and Reporting
MoU	Memorandum of Understanding
NCE	No-Cost Extension
NIM	National Implementation
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
PP	Project Proposal
RPA	Responsible Partnership Agreement
PSC	Programme support costs
PUNO	Participating United Nations Organization
RC	Review Committee
RMS	Refugee Multi Sector
SAA	Standard Administrative Arrangement
SHF	Sudan Humanitarian Fund
SHF TU	Sudan Humanitarian Fund Technical Unit (OCHA and UNDP)
SRC	Strategic Review Committee
TOR	Terms of Reference

1. Introduction

1.1 Purpose

1. The purpose of the Operational Manual for Sudan Humanitarian Fund (SHF) is to describe the governance arrangements, objectives, allocation modalities, and accountability mechanisms of fund, as well as, to detail the roles and responsibilities of the stakeholders involved.
2. Under the direction of the Humanitarian Coordinator (HC), the Sudan Humanitarian Fund (SHF) aims to support the timely allocation and disbursement of donor resources to the most critical humanitarian needs as defined by the Humanitarian Response Plan (HRP) or any agreed upon strategy by the HC. In order to meet this goal, this manual is issued by the HC and endorsed by the Advisory Board (AB) to:
   (i) provide clarification and instructions for all stakeholders involved in the management of the SHF on effective management and governance practices;
   (ii) describe the steps and requirements of the allocation processes with the aim of enhancing timely and strategic allocation decisions;
3. In this regard, this manual will provide guidance to Inter-Agency Standing Committee (IASC) sector coordinators, partners and facilitate the role of OCHA as well as the members of the Strategic and Technical Review Committees.

1.2 Scope

4. The Operational Manual defines the country-specific regulations that govern the SHF. It is designed within the framework provided by the Operational Handbook for Country-Based Pooled Funds [2](CBPFs), which describes the global set of rules that apply to all CBPFs worldwide, and adapts specific aspects of these global guidelines to the humanitarian context in Sudan.
5. Adherence to the guidance provided in the two documents is mandatory to ensure a standard and transparent process.

2 Objectives of the SHF

6. The SHF has three main objectives:
   - To improve humanitarian response by increasing the extent to which funding is allocated to priority humanitarian needs through an inclusive and coordinated process at the field level.
   - To strengthen the leadership of the HC.
   - To contribute to the delivery of the Humanitarian Response Plan (HRP) within the context of the Humanitarian Program Cycle (HPC) or any agreed upon strategy by the HC.
7. Further, the SHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between the IASC (and UNHCR) sectors[3] present in Sudan and humanitarian organizations. As such, the SHF contributes to improving needs assessments, enhancing the HRP as the strategic planning document for humanitarian action, strengthening coordination mechanisms, in particular the IASC sector system, and improving accountability through an enhanced monitoring and reporting framework.
8. Interventions supported by SHF are to be consistent with the core humanitarian principles of humanity, neutrality, impartiality and independence.

[2] Referred to as CBPF Global Handbook from hereafter
[3] A number of sectors deduced from the international IASC sectors and UNHCR sectors, further called 'IASC sectors' have been set-up in Sudan as the primary mechanism for inter-agency coordination.

3 Governance and management

3.1 The Humanitarian Coordinator (HC)

9. The HC leads the overall management and oversight of the SHF as detailed in the Operational Handbook for CBPFs, supported by the OCHA Head of Office and the OCHA SHF Technical Unit (TU), and advised by the Advisory Board (AB). The HC is specifically responsible for: 5
    a. Approving, reviewing and updating the SHF Operational Manual that is prepared based on the CBPF Global handbook. The manual outlines the SHF scope and objectives; governance structures and membership; allocation modalities and processes; accountability mechanisms; and operational modalities;
    b. Chairing the AB and providing strategic direction for the SHF;
    c. Leading resource mobilisation for the SHF;
    d. Approving the use of and defining the strategic focus and amounts of fund allocations;
    e. Ensuring that the AB and review committees are functioning in accordance with the guidelines outlined in this manual;
    f. Making final decisions on projects recommended for funding. This responsibility is exclusive to the HC and cannot be delegated. Funding decisions can be made at the discretion of the HC, without a recommendation from the AB, for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the strategic and technical review committee(s);
    g. Approving and cancelling projects and initiating disbursement;
    h. Ensuring complementary use of the SHF with other funding sources, including the Central Emergency Response Fund (CERF);
    i. Approval of direct costs for SHF
    j. Leading the process of closing of the SHF.

3.2 Advisory Board

10. The AB is a governance body with an advisory function that supports the HC to steer the strategy and oversees the performance of the SHF. The final decision-making authority rests entirely with the HC, who is the chair of the AB.
11. The AB has responsibilities in four key areas:
    a. *Strategic focus and fund allocation:* The AB should support the HC in ensuring that the main objectives of the SHF are met. The AB should review and advise the HC on strategic elements of the SHF such as the allocation strategies and the operational manual. The AB also advises on fund allocation to appropriate IASC sectors and priorities. The AB shall advise the HC in setting funding targets;
    b. *Risk management:* The AB supports the HC and the SHF TU in undertaking periodic risk analyses and reviewing a risk management plan of the SHF in accordance with the Accountability Framework contained in this Operational Manual;
    c. *Transparency of overall process:* The AB should monitor SHF processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the SHF abides by established policies;
    d. *Review of operational activities:* The AB monitors the operational performance of the SHF, providing advice to the HC.

12. The membership of the AB is constituted of
    a. HC (Chairperson);
    b. Office of the Coordination of Humanitarian Affairs (OCHA) head of office

c. Donor representatives;
d. Non-contributing donors as observers;
e. Three heads of UN Agencies;
f. Three NGO representatives (2 international NGOs (INGOs) and 1 from national NGOs (NNGOs));
g. The AB secretariat: the SHF TU

The Chairperson may invite other stakeholders deemed necessary to improve discussions and recommendations. Annex 7.1 constitutes the current members of the SHF AB.

13. United Nations agencies will replace one board member each year in January through an election at the Humanitarian Country Team. NGOs will replace one board member every year in July through discussion at respective INGO or NNGO coordination fora.
14. Representation should be at the country representative or head of country office level.
15. Advisory Board members are expected to contribute their views to the best outcomes for the humanitarian community and should, when commenting on topics on which their entity has a direct interest or involvement, clarify the importance for the wider humanitarian community.
16. The AB meets at least four times a year. A higher frequency and/or ad hoc meetings may be requested by the HC as s/he deems necessary.

3.3 OCHA Head of Office (HoO)

17. The HoO is responsible for the effective management of the SHF in accordance to CBPF Policy Instruction and the CBPF Global Handbook. The responsibilities of the HoO with respect to SHF are to;
    a. Support and advise the HC on strategic issues and resource mobilization;
    b. Supervise the SHF TU and ensure proper coordination with other units of the OCHA Country Office and sub-offices;
    c. Ensure that OCHA has the capacity to fulfil its accountability requirements, including risk management and minimum operational modalities;
    d. Promote active involvement of existing coordination structures in SHF processes and ensure that the SHF scope and objectives as well as the allocation strategy papers are aligned with the HRP;
    e. Approve project revisions within the scope of the delegation of authority granted by the HC;
    f. Interface with headquarters on policy issues related to SHF;
    g. Act as a permanent member of the SHF AB.

3.4 SHF Technical Unit (SHF TU)

18. The SHF TU: consists of the Humanitarian Financing and Resource Mobilization Section of OCHA Sudan (the OCHA unit that supports the HC in managing the SHF), and the UNDP Fund Management Unit (FMU) which is the section of UNDP that deals with the SHF NGO allocations as the Managing Agent.
19. The SHF TU, under the overall supervision of the OCHA HoO, will ensure adequate and efficient management of the SHF.
20. The SHF TU engages in a constructive relationship with IASC sector coordinators and will communicate differences in opinion, recommendations and decisions in a transparent way.
21. In support of the HC and SHF AB, and with the assistance of relevant units at OCHA headquarters, the SHF TU will undertake the following tasks;

Management of the SHF operations and policy advice to the HC and OCHA HoO

    a. Advise the HC and OCHA HoO on fund strategies and any other policy matters related to the SHF;
    b. Facilitate the development of the SHF scope and objectives and allocation strategy papers;
    c. Provide oversight to the entire funding cycle from the launch of an allocation to closure of projects.
    d. Engage in coordination with SHF donors and with other humanitarian donors in the country;
    e. Draft the resource mobilization strategy for the SHF and for the HRP and support its implementation in coordination with headquarters resource mobilization efforts;

f. Support HC and HoO efforts to link the fund with the Humanitarian Programme Cycle (HPC) by promoting allocations in alignment with the HRPs; Produce reports, analyses and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities;
g. Promote the complementary use of SHF funds with funding from other sources, in particular CERF;
h. Perform secretariat functions for the SHF AB;
i. Bring issues related to conflict of interest to the attention of the HC for consideration and decision if needed.

Project Cycle Management

a. Ensure compliance with processes, systems, templates and tools as defined in the Manual for SHFs as well as in Allocation Strategy Paper;
b. Facilitate and train stakeholders on the use of the Grant Management System (GMS);
c. Provide support to all SHF recipients throughout the allocation process and promote a feedback system for continuous learning;
d. Ensure that allocations are based on prioritised needs and are in line with agreed allocation criteria and strategies;
e. Manage and participate in decision making activities associated with the strategic and technical review of project proposals;
f. ;
g. Oversee approval processes including administrative aspects of selected projects;
h. Disburse funds to partners in accordance with the decisions of the HC and ensure follow up of fund disbursement and refunding;
i. Ensure narrative and financial reporting compliance;
j. Manage and organize project monitoring;
k. Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extension, etc.);
l. Ensure Financial Tracking Service (FTS) reporting as required;

Implementation of the SHF Accountability Framework and monitoring system

a. Support and advise the HC and OCHA HoO in the development and implementation of the Accountability Framework (see section 6);
b. Develop and manage systems for capacity and performance assessments, risk management, monitoring, and reporting on behalf of the HC;
c. Ensure compliance with the minimum requirements described in the operational modalities of the CBPF Global Handbook;
d. Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings;
e. Establish eligibility criteria for NGOs and maintains an NGO eligibility list;
f. Facilitate periodic external evaluations in line with the global agreements on evaluation requirements for CBPFs;
g. Prepare the consolidated annual report of SHF operations.
h. Ensure governance and allocation documentation is available on relevant website country page at www.unocha.org

3.5 Administrative Agent

22. The Multi-Partner Trust Fund (UNDP) receives, administers and manages contributions from donors and ensures disbursements to UN agencies in accordance with the Memorandum of Understanding (MoU) between participating UN Organizations and the UNDP regarding the operational aspects of the SHF dated October 2010.

3.6 IASC Sector Coordinators and IASC Co-coordinators

23. Throughout the process of the SHF allocation, IASC sector coordinators will exercise their responsibilities in an independent, fair and transparent manner as foreseen by the IASC and the Refugee Coordination model.
24. IASC sector coordinators support the SHF at two levels: (i) at a strategic level, IASC sector coordinators should support the SHF TU to ensure that there are linkages between the fund, the HRP and sector strategies; and (ii) at an operational level, IASC sectors coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects and (iii) IASC sector coordinators advise on revision requests if requested.
25. The IASC sector coordinators will undertake the following activities in relation to the SHF:
    a. Facilitate and moderate, where requested, all SHF related processes in consultation with IASC sector partners;
    b. Inform needs-based priorities for SHF funding in consultation with IASC sector partners;
    c. Advise on identifying, reviewing and recommending priority humanitarian projects (strategic and technical review process) -and recommend partners when requested- for SHF funding based on agreed overall IASC sector priorities and strategies and document these processes;
    d. Facilitate the selection of representative SRC and participate in SRC meetings;
    e. Defend IASC sector strategies and proposals during funding allocation rounds when requested;
    f. Propose, upon request, partners with the required programmatic capacity and track record to implement SHF projects;
    g. Ensure quality and timely submissions of all SHF related IASC sector materials (i.e. prioritisation information, reporting inputs, IASC sector strategies etc.);
    h. Promote the systematic use of relevant standard indicators and standard sector costings for projects;
    i. Participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework (section 6);
    j. Advise the revision and no cost extension requests;
    k. Upon request, review partner narrative reports and provide input to the SHF's (interim and) annual HC reports.

3.7 Review Committees (Strategic and Technical)

26. SHF allocations pass through two types of project review: 1) a strategic review of project proposals in relation to the Allocation Paper determined by the HC and the AB or in relation to the fund scope and objectives as outlined in the Operational Manual, and 2) a technical review which assesses the technical soundness and quality of project proposals. At all times, SHF TU will take part in decision making and support review committees in discharging their functions.
27. The SHF allocations can include two types of project review committees;
28. The Strategic Review Committee (SRC) reviews project concept notes or proposals in relation to the Allocation Strategy Paper including IASC sector specific strategies and the fund scope and objectives as outlined in this Operational Manual.

Composition:

i. The SRC is composed of the OCHA SHF TU representative, the IASC sector coordinator and a equal number of UN agency partners, INGO partners and NNGO partners, where the IASC sector coordinator shall be counted as a UN agency. Possibly a government technical department and donor representative participate as observers to the process.
ii. The SRC is selected in an open and transparent manner on a consensual basis through the IASC sector coordination mechanism (normally in an IASC sector meeting), where members of the respective review committees should be nominated from the active members of the relevant IASC sectors. Meeting minutes are to be shared with the SHF Technical Unit.
iii. Preference has to be given to members that have not submitted projects to the on-going allocation. SRC members should possess the necessary technical expertise and can participate in a limited number of SRCs per allocation (except the SHF TU).
iv. Composition must be validated by the SHF TU before the start of the review.
v. The strategic review of projects can be complemented or replaced by a single committee grouping different stakeholders' representatives (a representative sample of UN Agencies and NGOs) when this arrangement better suits the context.

Function

i. The SRC is responsible for the strategic review of project concept notes which includes the review of eligibility of projects, scoring, ranking and recommendation of projects funding.
ii. After an initial eligibility review by the SHF TU, the SRC first reviews eligibility of projects in accordance with the eligibility criteria defined in the allocation paper (scoring card).
iii. All SRCs then must score all the eligible projects using the same scoring card defined for the allocation. No new criteria for eligibility or prioritization can be invoked by the SRC.
iv. The IASC sector coordinator and the SHF TU ensure that scoring is done in a consistent manner for all projects during one strategic review.
v. The SRC scores concept notes based on the information available in the concept notes and the information available to them. Clarification or verification with the partners is not allowed at this stage.
vi. At the start of the SRC meeting a cut-off point is defined. Projects on which all members have a score below the agreed cut off point are rejected. The IASC sector coordinator inserts the projects scores in the GMS.
vii. Members of the SRC are encouraged to reach consensus on scoring but upon disagreement an average score can be considered – however such cases are expected to be few and extraordinary.
viii. Overall score results per project cannot be disclosed before all projects have been scored.
ix. For multi-sectoral projects, the IASC sector with the highest percentage of project activities does the scoring while the other IASC sectors involved should review the project and give their comments to the lead IASC sector. In case of equal percentage between IASC sectors, a decision on the lead IASC sector will be taken in consultation between the sectors and SHF TU. Every SRC considers the respective budget portion of multi-sector projects within their envelope.
x. After scoring all projects, the projects are then numerically ranked and a cut off threshold below which projects cannot be recommended can be established.
xi. Based on this ranking, the SRC discusses which concept notes to recommend to the SHF TU and this should be based on criteria defined in the allocation paper.
xii. When discussing the recommendations of projects, projects are considered on an as-is basis. Exceptionally, changes to budgets, activities and locations can be recommended when well-founded arguments are given. Shaving off multiple budgets to fit an envelope or include many partners as well as increasing budget envelopes for additional priorities is not allowed.
xiii. Using the template in as provided in Annex 7.2, IASC sector coordinators provides the SHF TU with a record of the SRC outcomes.
xiv. In their next respective IASC sector meeting, IASC sector coordinators provide feedback to partners regarding the review and recommendation of projects. The feedback should include the

total number and monetary amount of projects submitted, recommended, rejected and the final scores for each project as registered in the GMS.

Roles

i. SRC members involved in scoring and recommending of projects are the OCHA SHF TU representative, the IASC sector coordinator, the two UN agency partners, two INGO partners, two NNGO partners. The IASC sector M&R officer and other IASC sector resource people, government representative, and donor representative are observers and resource persons.
ii. Observers to the process cannot score or recommend projects or be part of the decision making process.
iii. The IASC sector coordinator facilitates the process and is responsible for transmitting the results to SHF TU.
iv. The SHF TU member takes part in the SRC as moderator and to ensure quality, transparency and fairness. If not properly organized, transparent or fair, the OCHA representative may cancel the review and decide on changes.
v. Each SRC member should review each concept note/project proposal using the agreed scorecard. This should be done off-line and prior to the SRC meeting. The SRC scoring member will present his scoring to the SHF TU member before the SRC meeting. Failure to do so will result in exclusion from the SRC by the SHF TU.
vi. Members of the SRC (including the IASC sector coordinator) cannot be physically present when the project from their organisation/sector lead agency is discussed.

29. Technical Review Committee (TRC) assesses the technical soundness and quality of project proposals and request changes to the project in that respect.
    i. The TRC is composed of the IASC sector coordinator and/or the IASC sector Monitoring and Reporting officers, and members from the SHF TU. The sector coordinator can request the support of a technical expert or advisor if deemed necessary, this could include NGOs and UN agencies.
    ii. The TRC undertakes the review and quality control of all SHF project proposals (including budgets, work plan and log-frame) under the SHF TU's supervision.
    iii. Preferably, a meeting is held among the TRC members before the comments are transmitted through the GMS to the partner for revision within the number of days specified but comments can also be entered in the GMS by each of the TRC participants in parallel.
    iv. TRC members then review if the comments have been addressed and can review the project a second time, if needed.
    v. Upon agreement of the TRC, the project can be submitted to the HC for final approval.
    vi. If after a second revision of the projects, comments from the members of the TRC have not been addressed, the SHF TU can recommend not proceeding to the final approval of the project. This recommendation will be presented to the HC for final decision.
    vii. After the final revision of the project proposal by the partner, to the SHF TU will score the quality of the submission (4 - Little or no revision required, 3 - Revisions were required but timely and satisfactorily addressed, 2 - Revisions were required and addressed satisfactorily but late, 0 - Revisions were not addressed satisfactorily) which feeds into the Performance Index.

3.8 Partners

30. In relation to SHF, partners have the following responsibilities;
    a. Application: Partners must familiarize themselves with SHF processes and seek advice from the IASC sector coordinator and/or the SHF TU before applying for funding. In close collaboration with the IASC sectors, the applicant partner develops and submits a project proposal and budget to the SHF (through the GMS) providing all necessary supporting documents, within the given deadlines, and in a responsive manner.

b. Implementation: After the approval process, the partner signs a Responsible Partnership Agreement (RPA) and related annexes which specify the terms and conditions applicable to the approved project. As such they become legally accountable for the proper use of funds according to the terms of the project description and all contractual arrangements. Partners commit to comply with all the requirements defined in the RPA and annexes. RPAs may be modified to accommodate necessary changes in projects through project revisions (including budget revisions and no cost extensions (see section 6 for details on revision requests)).
c. Monitoring: Partners must have robust internal monitoring and reporting procedures in place. The monitoring and reporting capacity of each partner will be verified during the capacity assessment, the project approval process and finally during the project cycle. Partners shall facilitate the monitoring of the projects in collaboration with the SHF TU, IASC sector coordinators and other relevant parties. The SHF TU and headquarters reserve the right to organize visits with partners, external experts or donors to review completed or on-going project activities.
d. Reporting: The partner shall provide narrative and financial reports in line with the reporting requirements stipulated in the RPA or annexes. In addition, any constraints (e.g. financial, logistical, security) that may lead to significant changes to the project or the partner's capacity must be communicated to the SHF TU immediately.

4 Allocation parameters and modalities

4.1 Allocation modalities

31. The Fund will have two windows in terms of fund allocation modalities.
32. The **standard allocation** is an allocation process that consists of 6 steps: 1) Allocation strategy development, 2) Submission of projects after a call for proposals, 3) Strategic review, 4) Preliminary approval by HC, 5) Technical and financial review, 6) Final approval by HC, 7) Disbursement.
33. A standard allocation is based on the priorities in the HRP or any agreed upon strategy by the HC but its scope and envisaged impact are defined in an allocation paper.
34. Upon availability of sufficient funding, a standard allocation will be launched at the beginning of every year. Other standard allocations may take place throughout the year.
35. The **reserve allocation** is an allocation that consists of 4 steps: 1) Allocation strategy development, 2) Submission of projects 3) Strategic review, 3) Technical and financial review (may be combined with step 3), 4) Final approval by HC, 4) Disbursement.
36. The strategic review process may be combined with technical review step to speed up the process.
37. The SHF reserve allocation mechanism provides a rapid, timely and flexible allocation mechanism and is used for the following purposes:
    i. To provide funding to new emergencies through what is called the **Reserve for Emergencies**. Specific criteria for the Reserve for Emergencies are described in the Programmatic Manual.
    ii. To provide funding for which a rapid, timely and flexible allocation mechanism has been decided by the HC (e.g. procurement of common pipeline items).
38. The Reserve for Emergencies will constitute minimum 20 per cent of the fund's annual contributions.
39. Criteria for Reserve for Emergencies projects can be found under Annex 7.3. The HC can make an exception and fund projects outside of the criteria for the Reserve for Emergencies.
40. Project duration is maximum 12 months for standard allocations and 8 months for reserve allocations. Exceptions for multi-year projects can be made by the HC when a longer duration is necessary to meet programmatic requirements;
41. Grant amount: the maximum allowable amount will be disbursed in tranches on the basis of project duration, partner capacity and risk levels, and in line with the Operational Modalities of the SHF.

4.2 Standard allocation workflow

Table 1: Standard allocation workflow (with indicative number of days)

	Steps/Activities	Stakeholders involved	Indicative duration (calendar days)
Step 1 Allocation strategy development	**1.1** OCHA prepares Allocation Strategy Paper (strategic priorities, criteria, process and timeline). Supervised by the HoO, the HFU prepares the Allocation Strategy Paper in consultation with the OCHA's Inter-Cluster Coordinator (ICC) who may request inputs from the ISCG.	ISCG, OCHA AB, HC	15
	1.2 Allocation Strategy Paper review by OCHA HQ/FCS	FCS/SHF TU	2
	1.3 HC review and AB endorsement of strategy	HC and AB	2
	1.4 SHF TU launches allocation on behalf of HC	SHF TU	1
Step 2: Submission of proposals	**2.1** Eligible partners submit proposals through the GMS	Partners	9
	2.2 Proposal (s) are vetted by SHF TU (eligibility of partner, template/criteria compliance, duplication of proposals, etc.)	SHF TU	1
Step 3 Strategic review	**3.1** SRC use GMS-based unified allocation scorecard for projects in their respective sectors for reviewing the projects in the respective IASC sectors. The SRC finalizes shortlist of projects for recommendation to the HC. IASC sector coordinators submit the list to the SHF TU within the allotted time.	SRC	7
	3.2 Optional ISCG meeting to discuss multi-sector approach. The SHF-TU analyses the recommendations from the IASC sector coordinators and makes a proposition of selected projects with the information received within the foreseen time schedule.	SHF TU (IASC sector coordinators)	3
	4.1 The project selection is submitted to the AB to comment/object.	AB	2

Step 4 Preliminary approval	**4.2** HC pre-approves the list of recommended concept notes for further development.	HC	2
Step 5 Technical and financial review	**5.1** Partners are asked to prepare full proposals	Partner	3-5
	5.2 Financial and technical review (TRC) The TRC ensures the quality control of the full project proposals.	TRC, SHF TU, Gender and Environment Advisor	10 - 15
	4.3 Consolidation of financial and technical comments and submission to partners by the SHF TU (or IASC sector coordinator) with the inputs received within the allotted time.	SHF TU	
	4.4 Initial submission of project proposal and max 2 revisions after which, if the project still does not meet quality standards, it is rejected.	Partners	
Step 5 Final approval by HC	**6.1** Final approval of the projects by HC (Allocation Letters). Approved Allocation Letters are sent to the respective Participating United Nations Organization (PUNOs) for acceptance. The UNDP CD receives the Allocation Letter for allocations to NGOs.	HC CHF TU	3
	6.2 Signed Allocation Letters are returned to the HC's office with email copy to the SHF TU. The hard copy is returned by the HC's office to the delegated Administrative Agent (UNDP), with copies to the SHF TU.	PUNOs	2
	6.3 FMU prepares draft Project Partnership Agreement (RPA) for NGOs. The start date is determined by the approval date of the HC. The partner may choose a later start date upon approval of the SHF TU. The RPA includes as annexes the final received project documents, budget and operational modalities.	SHF TU	3
	6.4 The RPAs are submitted to the UNDP Country Director for review and approval.	UNDP	1
	6.5 The UNDP signed RPAs are delivered to the Partners for counter-signature. The cover letter indicates instructions for the return of RPA and request for	Partners	2

	payment. Any special conditions required to be met prior to disbursement of funds are also specified.		
Step 7 Disbursement	**7.1** In the case of UN Agencies, following receipt of the signed Acceptance Letter from the relevant UN Agency, MPTF as the delegated Administrative Agent disburses the full allocated amount of the project to the UN Agency.	MPTF	3
	7.2 In the case of NGOs, upon receipt of the signed certified RPA and Payment Request, the first tranche of funding is disbursed to the partner (NGO).	SHF TU	5

42. Additional comments on the standard allocation workflow:

Step 1: Allocation strategy development

43. Allocation strategies are developed based on the priorities and criteria set forth in the HRP. The HC, supported by the SHF TU, will use existing coordination mechanisms to establish a process that produces credible, unbiased information to develop the strategy. The analysis that supports the development of the strategy should be evidence-based with references to verifiable data. This process results in an allocation paper which summarizes the analysis, strategy and intent of the standard allocation, as well as how the funding strategy was conceived. The priorities of the allocation strategy should be as precise as possible to allow for effective prioritization by IASC sectors.
44. The allocation paper includes information on:
    i. How the allocation fits into the humanitarian context.
    ii. Allocation strategy and related priorities.
    iii. Total amount to be allocated (detailed by priority/cluster/sector/region to the extent possible)
    iv. Criteria for project prioritization (reflected in a prioritization matrix or “scorecard”).
    v. Timeline.
45. The development of the allocation paper should be supported by OCHA (Coordination Unit and SHF TU). The draft produced by OCHA is reviewed by the Inter-Cluster Coordination Group (ISCG) or similar coordination groups, and presented by the HC to the AB for inputs. The SHF TU collects inputs and finalizes the strategy

Step 2: Submission of projects

46. All project proposals (concept notes or full project proposals) are submitted through the on-line GMS (www.chfsudan.org).
47. A scorecard for project scoring is developed by SHF TU and preferably in consultation with the ISCG, and is annexed to the allocation paper.

Step 4: Preliminary approval

48. The list of projects pre-selected is sent to AB members to comment/object within 2 working days or a meeting is convened in which the project selection is presented.

Step 6: Technical and financial review

49. If partners do not sign the Responsible Partnership Agreement within 5 working days, the RPA becomes invalid and the project may be cancelled by the HC.

4.3 Reserve allocation workflow

Table 2: Reserve allocation workflow (with indicative number of days)

	Steps/Activities	Stakeholders involved	Indicative duration (calendar days)
Step 1 Allocation strategy development and submission of project proposals	**1.1** OCHA prepares Allocation Strategy (strategic priorities, criteria, process and timeline) in consultation with OCHA's Inter-Cluster Coordinator (ICC) who gets inputs from the ISCG. Reserve Allocations may choose to use email communication may be used in lieu of a full Allocation Strategy Paper.	SHF TU	2
	1.2 Allocation Strategy Paper review by OCHA HQ/FCS if time allows vis-à-vis needs on the ground	FCS	1
	1.3 HC review and AB endorsement (possibly remote in case of time issues) of strategy	AB, HC	2
	1.4 SHF TU launches Strategy on behalf of HC (Allocation Strategy Paper or email notification)	SHF TU	1
Step 2 Strategic/Technical and financial review	**2.1** Eligible partners submit proposals**.** Pre-selected partner(s) is (are) informed to develop the full proposal(s) or a competitive process is opened for the eligible IASC sector partners through the GMS.	SHF TU/Partner	3
	2.2 Proposal(s) are vetted by the SHF TU (eligibility)		
	2.3 Financial and technical review check by SHF TU and IASC sector coordinator. Using GMS-based simplified scorecard. In the case of a competitive process, a joint SRC- TRC will be convened to perform strategic review and then proceed with the financial and technical review. AB consultation is optional. Revision and submission of project proposals - max 2 times - after which, if the project still does not meet quality standards, it is rejected		3
	3.1 Final approval of the projects by HC (Allocation Letters). Approved Allocation Letters are sent to the respective PUNOs for	HC	2

	acceptance. The UNDP Country Director receives the Allocation Letter for allocations to NGOs.	SHF TU	
	3.2 Signed Acceptance Letters are returned to the HC's office with email copy to the SHF TU. The hard copy is returned by the HC's office to the delegated Administrative Agent, with copies to the SHF TU.	PUNOs	2
Step 3 Final approval by HC	**3.3** FMU prepares draft RPA in for NGOs. The start date is determined by the approval date of the HC. The partner may choose a later start date upon approval of the SHF TU. The RPA includes as annexes the final received project documents, budget and operational modalities.	SHF TU	1
	3.4 The RPAs are submitted to the UNDP Country Director for review and approval.	UNDP	1
	3.5 The UNDP signed RPAs are delivered to the partners for counter-signature. The cover letter indicates instructions for the return of RPA and request for payment. Any special conditions required to be met prior to disbursement of funds are also specified.	Partners	2
Step 4 Disbursement	**4.1** In the case of UN Agencies, following receipt of the signed Acceptance Letter from the relevant UN Agency, MPTF delegated Administrative Agent disburses the full allocated amount of the project to the UN Agency.	MPTF	3
	4.1 In the case of NGOs, upon receipt of the signed certified RPA and Payment Request, the first tranche of funding is disbursed to the partner (NGO).	SHF TU	5

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50. Additional comments on the reserve allocation workflow;

Step 1: Submission of project proposals for funding and strategic review of strategic

51. It is up to the HC to activate the reserve allocation to respond to emergency and/or unforeseen needs.
52. The HC, under exceptional circumstances, can approve reserve allocations and notify the AB post factum.

5 Administration

5.1 Budget principles

53. The budget should include sufficient details to justify the budget estimates and notes to explain assumptions, approach and calculations are required. Guidance on detailed sections is provided in chapter 11 of the Programme Manual.
54. The budget should be submitted in US dollars.
55. Sharing costs between different donors and projects under a country programme of a partner is an acceptable practice for CBPFs.

i. All shared cost must be directly linked to the project implementation and allocated to the SHF project in direct proportion to the benefit or time input the project derives from that shared costs.
ii. All shared costs must be itemized in the budget notes, and should follow standard accounting practice and based on a well-justified, reasonable and fair allocation system.
iii. The partner should always be able to demonstrate how the costs were derived and explain in the project proposal/logical framework and the interim/final financial report how the calculation was made (e.g. pro-rata, averages).[4]If a position is cost-shared, the percentage of the monthly cost corresponding to the time that the person will dedicate to the project shall be budgeted. Portions of a unit may not be budgeted as staff costs; only percentages are acceptable.
iv. Non-staff shared costs should be shared on the basis of an equitable cost allocation system[5]. Accordingly, the percentages in the budget are to be assessed and approved by the SHF TU.
v. Shared-costs, including staff-related costs, should be charged for the entire duration of the project. If this is not possible, the rationale of the apportionment must be explained in the budget narrative.

56. PSC are allowable to a maximum 7 per cent of other direct costs.
57. PSC of sub- partners associated to the implementation of a specific project should be covered by the overall maximum 7 per cent of the actual project expenditures, unless not allowed by the internal procedures of the organisation.
58. One per cent for audit costs will be added to the administrative costs of all NGO partner project budgets.
59. Partners are required to declare all levels of sub-granting (see modality under chapter 11 of the SHF Programme Manual). The partner should be able to present documentation on the qualification of sub-grantees, and the vetting or selection process of sub-grantees.
60. The partner is responsible and accountable to ensure the budget(s) of the sub-implementing partner(s) adheres to the principles of economy, efficiency, effectiveness and transparency. The partner must ensure the sub-implementing partner(s) budget(s) are commensurate with the planned activities and outputs, and is reasonable in the specific country context. The sub-implementing partner budget should be provided as a single line for each of the standard budget category and be placed under the budget category Transfers and Grants to Counterparts. 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-implementing partner. The sub implementing partner's budget and expenditure details must be available, if requested, at the same level of detail and format applicable to the main implementing partner. These documents must remain available for at least a period of 5 years after the project termination.

Eligible Expenditures:

61. The following attributes define the nature of eligible costs:
62. Must be necessary and reasonable for the delivery of the objectives of the project.

[4] Cost-shared staff positions that are intended to last the entire duration of the project should be charged for the entire period and charged as a percentage against the project (e.g. half of the cost of a guard in a 12 months project should be budgeted at 50 per cent of the monthly salary for 12 months). Durations shorter than the project are acceptable only if the position is not intended to last for the entire duration of the project. Partners have the option to record expenditures within the budgeted amount according to modalities that better suit their preferences (e.g. charging 100 per cent of for guard for 6 months).

[5] This should be calculated as a percentage against the overall amount of the shared cost and charged as a percentage of the project value. It is preferable to charge shared costs for the entire duration of the project. Partners have the option to record expenditures within the budgeted amount according to modalities that better suit their requirements (e.g. to cover half of the rent of an office in a 12 months project, the partner should budget the rent for 50 per cent of the monthly cost for 12 months period. The partner may pay the full rent of the office for 6 months with the allocated budget).

63. Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
64. Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.

Ineligible Expenditures:

65. Ineligible expenditures will be automatically removed and deducted from the budget. They include:
    i. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
    ii. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
    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. Incentives in the form of hardware to government entities.
    vii. International travel unless directly linked to the delivery of the project objectives. In any case international travel will have to be approved on a case-by-case basis when requested to support project activities.
    viii. Purchases of land or buildings.
    ix. Currency exchange losses.
    x. Costs related to establishing reserves – such as severance reserves or cessation benefits accrued by the partner, contractors or staff.
    xi. Government staff salaries – except for those cases where government staff has been fully seconded to a SHF funded project.
    xii. Hospitality expenses, provision of food/refreshments for project staff (potable water is allowed).
    xiii. Incentives, mark-ups, gifts to staff.
    xiv. Fines and penalties.
    xv. Duties, charges and taxes when these are recoverable by the partner.
    xvi. Global evaluation of programmes.
    xvii. Vehicles purchases

5.2 Project Revision request: no-cost extensions, budget modifications and project changes

Changes in a project may be required due to various reasons and may have different consequences to the project's scope, duration and budget. Variations of all forms must be brought to the fund manager's attention. The fund manager in consultation with cluster/sector coordinators will assess whether the proposed changes need formal written authorization, whether an amendment to the initial RPA is necessary or whether the breath of the proposed changes is such that the project needs to be terminated.

66. Significant deviations from the original project objectives and outputs, including changes in the geographic location of the project, the target population/beneficiaries, the scope of project activities, or sub-granting agreements must be brought to the fund manager's attention with clear justification. The fund manager will assess on case-by-case basis whether the proposed changes need formal written approval, an approval in the GMS, an approval in the GMS with HC signature or whether the breath of the proposed changes is such that the project needs to be terminated.
67. Revision requests include no-cost extensions and budget revisions within the original approved budget by the HC.
68. Revision requests should remain exceptional events.
69. All project revision requests must be submitted at least four weeks prior to the end of the project. Later submissions will not be considered.

70. To initiate a revision request, the partner sends an email to chfsudan@un.org with the title "Revision request for project [GMS project code]".
71. If received within the allowed time frame, the SHF TU will create a revision request in the GMS.
72. Depending on the nature of the revision, relevant GMS workflows will be activated by the SHF TU allowing partners to request the required amendments.
73. The SHF TU may change reporting requirements and timelines following the request.
74. The partner then specifies the details of the request and it is then forwarded to the SHF TU.
75. The IASC sector coordinator may be requested to review the request if deemed necessary, before the SHF TU makes its recommendation to the HC.
76. Revision requests can be approved by Head of OCHA if delegated by the HC.
77. Revision request will not be accepted if:
    a. The reasons given are not clearly justified or justifiable;
    b. The reasons for the need for a revision are due to defective management by the partner;
    c. Over 30 per cent of the project activities have not been carried out without there being a valid reason;
    d. Part of the SHF project is funded by another donor;
    e. Narrative or financial reports are outstanding or have been unsatisfactory;
    f. Other unresolved issues remain within the project;
    g. It constitutes the 3rd revision request for the same project;
    h. The project is part of the Reserve for Emergencies allocations. Only a very exceptional change in the operating environment can make these acceptable.
    i. The revision request is not submitted within the stipulated period

78. There are three types of acceptable budget revisions:
    - Budget revision not exceeding 15 per cent of the approved budget.
      i. This type of modification does not require formal authorization by the HC, which means that within this limit the partner has the flexibility to make adjustments to the project budget as needed throughout the implementation.
      ii. Cost redeployments to budget categories not exceeding 15 per cent of the originally approved budget category are acceptable for all *categories except the "Staff and other Personnel Costs" category*. Any variation in "Staff and other Personnel Costs" should be approved by SHF TU.
      iii. Redeployment must be done against existing budget lines.
      iv. Budget variations of this type, without prior consent, are acceptable as long as the activities retain the same scope and nature of the original grant.

    - Budget revision exceeding 15 per cent
      i. Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the HC authorization.
      ii. The implementing partner will make the request to the SHF TU
      iii. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the partner will also submit a revised logical framework.

    - Addition of a new budget line. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category requires HC approval.

79. Under no circumstances should budget revisions increase the total budget originally approved by the HC.

6 Accountability Framework

68. Accountability Framework is the foundation for effective CBPF management. It is exercised through a set of different components that enable the HC to ensure that: (i) partners are delivering intended programmatic results; (ii) the SHF is managed responsibly and according to established guidelines; and ultimately (iii) the SHF is achieving its main objectives.



69. The Accountability Framework aims to provide an overview of the four pillars of accountability under the Fund; which include risk management, capacity assessment and performance monitoring of partners, monitoring and reporting, financial spot checks, and project and partner auditing.

70. There are two types of accountability that articulate what the main stakeholders involved in SHF processes are responsible for and for which they should be held accountable. The accountability of the SHF management relates to the ability of SHF to achieve its objectives as a humanitarian financing mechanism. First, the HC, supported by the SHF TU, is responsible for establishing a process which produces high quality allocation strategies, selects appropriate and qualified partners, monitors implementation and verifies that reported results are genuine and matches those of approved project agreements. Second, Partners' accountability relates to the requirement of individual organizations receiving SHF funding to achieve expected project results. This means that partners are ultimately responsible for project activities, project outputs and for reporting accurately on results.

6.1 Risk Management and risk-based grant management

71. The management of the SHF takes place through a risk-based approach. A thorough analysis of risks is undertaken each year and adequate assurance modalities are identified to mitigate these risks. Risks are analysed at SHF level as well as at the partner level.
72. A detailed Risk Management Framework (see Annex 7.4) has been developed in consultation with stakeholders and identifies the key factors of risks faced by the fund in the Sudanese context and is reviewed at least on an annual basis. The fund-level risk analysis clearly spells out residual risks to enable informed decision-making based on full knowledge of the potential consequences.
73. The Risk Management Framework is an active document, regularly updated depending on the changing circumstances. OCHA periodically reports to the HC through the AB on the implementation progress of the risk treatment actions. The AB advises the HC accordingly on the critical risks, assessment of the critical risks and outstanding action plans.
74. Partner risk management aims at adapting the grant management cycle on the basis of each partner's capacity and performance. The mention of risks and assumptions for every project is mandatory. Funding decisions take into account risk analysis suggesting the appropriate assurance mechanisms.
75. NGO capacity assessments and operational modalities (except for narrative reporting and monitoring) do not apply to UN agencies as they have different legal status than NGOs and have their own governance and control framework which applies also to their management of CBPF grants.

6.2 Steps for eligibility and risk rating of NGO partners

76. Potential Partners are subject to capacity assessments to determine their risk level and to confirm/ensure their ability to meet the requirements of the SHF.
77. Existing NGO partners may be subject to capacity assessments periodically as required based on risk level. Additionally, eligibility criteria of existing partners are established to ensure that following the initial capacity assessment, partners continue to meet the capacity and performance requirements of the SHF.
78.
79. **Nomination of Potential Partners.** The SHF TU organises an initial partner nomination process to select a number of partners for capacity assessment. This process may engage IASC sector coordinators and/or OCHA and may define requirements for partners that will be defined taking into account the current context. Only partners shortlisted by the SHF TU will participate in the capacity assessment. A standard capacity assessment consists of the three following steps, while other types of assessments are described in the CBPF Global Handbook:

Step 1: Registration

80. Prospective partners receive access to Grant Management System (GMS) and submit a copy of registration certificate (preferably in English) that indicates the full name of the partner. The registration certificate is required, and is submitted prior to granting access to the GMS to avoid a possible naming discrepancy in GMS that will create delays in generating and preparing the grant agreement and the disbursement process.

Step 2: Due diligence

81. Once the registration process is concluded, the partner is granted access to the GMS (gms.unocha.org) and the Due Diligence (DD) process begins. A thorough review of DD applications and documents is performed to ensure that partners meet the minimum requirements listed below and is a key initial step to safeguard the accountability of the Fund.
82. Once access to the GMS is granted, the partner must complete the DD requirements and forms in the GMS. DD documents include:

(i) Application form (Annex 10.2a)

(ii) Due diligence declarations - signed, stamped and dated (see Annex 10.2b)

☐ Declaration of any Previous or Pending Legal Processes or Investigations; in case of previous or pending legal processes, please provide detailed explanation and relevant supporting documentation
☐ Declaration of Non-Support for a United Nations Designated Entity
☐ Declaration of Recognition and Support of/for any United Nations Compliance Activity (ies)
☐ Declaration of Conflict of Interest
☐ Declaration of Accurate Information

(iii) Registration certificate in the country of operation. If the organization cannot register in the country of operation, the HC may choose to accept a registration certificate from another UN Member State (similar certificate submitted for registration in the step 1 above).

(iv) Bank account information

(v) Bank statement, if the account name is different from the partner name in the registration, a letter by the organization (on official letterhead, signed and stamped by its authorized signatory) is necessary, certifying that the bank account as per bank statement belongs to the organization under the name registered in the GMS.

(vi) Identification documents (copy of passport or Identity Card) and curriculum vitae (CV) of the legal representative in country of the organization.

83. At the discretion of the SHF TU any mandatory or optional requirements to the registration and due diligence stage can be added.
84. Once the DD process has been finalized and the partner has been successfully approved, the organization will undergo a Capacity Assessment (step 3) to determine their eligibility for funding and risk rating.
85. While for UN agencies DD is not required, in order to process grant agreements, the following information will need to be collected during the DD stage: i) office address ii) contact details of legal representative (the person who signs grant agreements) and iii) bank account information. The information needs to be submitted via GMS.

Step 3: Capacity assessment

86. Partner capacity assessments reflect the risk level of a partner at one particular point in time. The AB is required to review and, if necessary, revisit eligibility thresholds and corresponding risk levels.

A) Internal Capacity Assessment (ICA)

87. Partners will be required to submit the documents listed in the ICA checklist via email or in hard copy as agreed with the HFU. The assessment and scoring will be done in the GMS using the CBPF ICA feature.

88. An ICA global questionnaire is used to capture key elements of partner capacity in the following categories: a) DD; b) Governance and Institutional Capacity; c) Programmatic Response Capacity; d) Coordination and Partnership Capacity; and e) Financial Capacity (see Annex 10.3b, Global Questionnaire for ICA). CBPFs can add questions to the baseline questionnaire but may not remove or skip any of the core questions OCHA HQ requires for the assessment.
89. The assessment includes a desk-based review of the documents provided by the implementing partner; interviews with the organization's staff members; where possible visits to the implementing partner's offices, and interviews with key informants such as previous/existing donors and partners, as well as cluster leads and members.
90. The ICA takes into account and, whenever possible, encompasses existing assessments such as Harmonized Approach to Cash Transfers (HACT). An NGO's HACT result will be used to score the 4th Category of the ICA.
91. On conclusion of the ICA, the HFU will let the organization know if the application can proceed to the next step of the process.

92. If conducting an ICA is not possible due to extenuating circumstances security concerns or lack of, access for example), then two alternative capacity assessment types (see B and C below) may be considered following AB and HC approval for modality and costs6.

6.3 Risk-based Performance Monitoring and Management

93. Partner capacity assessments reflect the capacity of a partner at one particular point in time. As a partner implements projects, SHF TU will review and score the partner on its implementation and the performance of partners will be used alongside the original capacity assessment to determine and adjust the risk level.
94. The SHF utilizes an internal Performance Index (PI) to update the risk level of a partner throughout project implementation (Annex 7.6). The PI tool is a key part of the accountability framework, and will allow OCHA to have an up to date rating of partner performance. The rating of the performance of partners in the implementation of projects will be used alongside the original capacity assessment to determine and adjust as necessary partner risk levels.
95. The PI tool has been developed to support the HFU to score the performance of partners on CBPF supported projects from submission to closeout. During project implementation, the following categories of partner performance are tracked and scored: i) quality and timeliness of submissions of project documents (proposals, budget and concept notes); ii) quality and timeliness of implementation against approved targets; iii) quality and timeliness of reporting; iv) frequency, timeliness and justification of project revision requests; v) quality of financial management; vi) audit findings; based on a scoring system. The PI score is captured in GMS and is used along with the original capacity assessment score to determine the performance score and risk level.
96. If the overall risk score of a partner reaches a threshold at which the risk level of the partner should be adjusted, the Fund Manager will be notified automatically through the GMS. Following the GMS notification, the Fund Manager will notify the partner about the adjustment.
97. If a partner performs poorly consistently and its risk rating score moves from high risk to the threshold of ineligibility it will be rendered ineligible on the basis of poor performance. Ineligible partners can re-apply for capacity assessment one year after being rendered ineligible, provided that they can demonstrate that the elements that caused the poor performance have been addressed.
98. UN Agency projects must also be scored for performance in all areas with the exception of the audit. The PI score can be used to assess future funding decisions and frequency of monitoring. The monitoring mechanism can be tailored to the type of project such as stakeholder satisfaction survey for pipeline projects.
99. The NGO performance contributes to the assessment of its risk level and correspondingly determines which operational modality will apply.

6.4 Eligibility

100. An Eligible NGO List is regularly maintained.
101. Criteria for partners to remain eligible to receive direct SHF funding are as follows:
    a. The NGO has received funding in the last three years, given that the partner has been an eligible partner for minimum three years.
    b. The NGO continues to meet the technical performance requirements of the SHF.
    c. All reporting requirements are met, including project narrative and financial reports.

[6] In cases where an entity has been brought on board to support the contracting processes under the CBPF, assessments undertaken by this entity, should be in line with the approaches outlined in this document.

d. Project monitoring has revealed no significant, un-remedied project performance issues.
e. Field-based financial spot-checks have revealed no significant, un-remedied financial issues.
f. There exists no qualified audit opinion for any of the NGO's projects.
g. There are no significant audit findings from the annual project audit.
h. There are no outstanding payables due to the SHF.
i. The NGO has adhered to the SHF's fraud management, mitigation, and reporting requirements.
j. The NGO, nor any of its principles, is the subject of on-going investigations or investigation alerts in Sudan or other countries related to financial mismanagement.
k. Additional eligibility criteria for partners may be established as required.

6.5 Operational Modalities

98. Eligible partners are categorized according to a specific risk rating which determines the minimum standard of operational modalities applicable to the partner. The principle is that the higher the risk the more stringent assurance mechanisms will apply. The system encourages improvements in performance and capacity providing partners the opportunity to migrate to lower risk levels through strong and consistent performance and by addressing capacity weaknesses.
99. The relevant risk levels determine: (i) maximum transferrable amount, (ii) number of disbursements, (iii) frequency of programmatic and financial reporting, (iv) monitoring arrangements, and (v) audit requirements.
100. Based on the overall risk context of the country, more stringent requirements may be applied.
101. The current NGO Engagement Modality under the financial rules of the Managing Agent mandates that NGOs are engaged using a Responsible Partnership Agreement, with funds disbursed to NGO partners in quarterly tranches, liquidated based on quarterly financial reporting, regardless of risk rating. A new engagement modality using a Responsible Party Agreement is being introduced which will allow for risk-based disbursements and reporting. The Operations Modality Schedule will be revised when the new engagement modality is operationally effective.
102. Field-based financial monitoring (spot checks) is currently risk-based.

Table 3: Operational modalities

Risk level	Project duration *(months)*	Project value *(thousand USD)*	Funding ceiling *(thousand USD)*	Disbursements *(in % of total)*	Financial reporting		Narrative reporting		Monitoring		Audit
					For disbursements	Final	Progress	Final	Field visit	Financial spot check	
NGOs											
H	Less than 7	< 250	-	50%	Yes	Yes	1	Yes	1	1	As per plan
		> 250	250	50%	Yes	Yes	1	Yes	1	1	
	Between 7-12	< 250	-	30%	Yes	Yes	2	Yes	1	1	
		> 250	400	30%	Yes	Yes	2-3*	Yes	1-2**	1	
M	Less than 7	< 250	-	50%	Yes	Yes	1	Yes	-	-	
		> 250	500	50%	Yes	Yes	1	Yes	1	-	
	Between 7-12	< 250	-	40%	Yes	Yes	1	Yes	0-1**	1	
		> 250	700	40%	Yes	Yes	1	Yes	1	1	
L	Less than 7	< 400		80%	Yes	Yes	-	Yes	--	-	
		> 400	1 million	80%	Yes	Yes	-	Yes	-	-	
	Between 7-12	< 400	-	60%	Yes	Yes	1	Yes	-	-1	
		> 400	2.5 million-	60%	Yes	Yes	1	Yes	1	1	
UN Agencies											
N/A	Less than 7	-	-	100	-	Yes	-	Yes	0*	-	No
	Between 7-12	-	-	100	-	Yes	1	Yes	1*	-	

* Monitoring of UN agency projects is mandatory and should be based on the type of project to be implemented (e.g. surveys, pipelines, etc.)

** Additional field visits are only required for projects of 10 months or more.

103. Depending upon partner risk level and/or monitoring findings, the HFU may request for additional reporting. The frequency of additional reporting is based on risk level and or monitoring findings* Allocation paper may limit the number of projects per partner, according to risk level, and reporting requirements.

6.6 Monitoring and Reporting (financial and programmatic)

Objectives

104. Monitoring is defined as the systematic and regular process of collecting, verifying and triangulating information to assess progress made against project outputs and activities; bearing in mind accountability to affected populations and donors. Information gathered is used to make informed decisions and strengthen partnership and coordination.
105. The Sudan HF Monitoring and Reporting (M&R) is designed to attain the following objectives:
    a. Verify partner progress in delivering project outputs and activities (as per log frame and work plan), the beneficiary targeting process, the use of resources (as per budget) and internal monitoring and reporting systems.
    b. Triangulate information collected through other means, identify gaps and trends in humanitarian operations and reflect on best practices and lessons learned using findings and recommendations for results management, risk mitigation and public information.
    c. To provide evidence to the HC and IASC sectors on how the SHF has contributed to the broader outcomes set forth in the HRP;
    d. To inform SHF decision makers (HC, IASC sector coordinators, AB) in their decision making process;
106. Additionally, considerations and criteria related to economy, efficiency and effectiveness of project design and implementation are incorporated in the M&R principles and in the monitoring and reporting tools, to ensure value for money of selected interventions.

Monitoring | Roles and Responsibilities

107. The HC is responsible for ensuring that projects funded by the Sudan HF are effectively monitored, regardless of the entity, and the SHF contributes to the overall humanitarian response as articulated in the Humanitarian Response Plan (HRP). Therefore, all recipient organizations, UN Agencies and NGOs, are subject to monitoring activities.
108. To ensure the above, monitoring and reporting requirements are embedded in the project document template. Partners are required to provide specific and detailed information on M&R arrangements. Detailed log frames containing planned activities, inputs, outputs and the link with HRP outcome indicators are also incorporated in the project document.
109. IASC sectors can participate, often through their dedicated M&R officers, in the monitoring of IASC sector projects. They define IASC sector outcomes and standard indicators and are therefore expected to put in place an IASC sector-wide system for monitoring and reporting which is linked, and shows evidence of contribution, to the overall HRP.
110. The SHF recipient organizations remain the key responsible party in ensuring proper delivery and monitoring of project activities. They are expected to maintain robust internal monitoring and reporting mechanisms that can produce accurate and relevant information for SHF reporting purposes. They are also expected to engage and facilitate field-monitoring visits with SHF TU and IASC sector coordinators. They are legally and financially responsible for the proper implementation of the projects.
111. The SHF TU is responsible for monitoring. An M&R team plan is developed by the SHF TU once allocation decisions have been made.
112. Monitoring arrangements for projects implemented by NGOs are tailored on the risk level and monitoring priority assigned to the partner and its project, the duration of project activities and the size of the project budget.

Monitoring Tools

113. Partners are asked to outline the tools they intend to use for project monitoring during submission of their concept note, which will then be elaborated on in the project proposal. Taking into consideration that monitoring systems internal to SHF partner organisations form the backbone of monitoring, the following tools only serve to ensure an additional level of monitoring of project is conducted by the SHF Technical Unit and/or IASC sectors:
    a. Field site monitoring, enabling the gathering and analysis of collective findings and the development of lessons learned and best practices over time (Annex 7.7). The Standard Operating Procedure for field monitoring and follow-up mechanism to guide stakeholders involved in field monitoring missions can be found under Annex 7.8;
    b. Financial spot checks will be conducted to assess the soundness of the internal controls and the accuracy of the financial records of the partner. A financial spot check will be conducted based on the risk level of the partner and the operational modality of the SHF. On-site financial spot checks by SHF TU and special audits by audit firms may be conducted on the basis of Operational Modality, or when warranted due to concerns about the functioning of the partner's internal controls;
    c. Any other monitoring tools as for example Programme spot checks by OCHA field offices and remote call monitoring, but not limited to the tools mentioned, can be used by the SHF TU. Standard Operating procedures can be found under Annex 7.?;
    d. Progress and final reports from partners.

Reporting

114. Narrative and Financial Project Reporting:
    a. The role of SHF management is to collect, organize and provide quality control of the reported information that has been generated.
    b. As a minimum requirement, all narrative reports collect information on (i) number of beneficiaries targeted and reached, (ii) progress on project outputs against standard HRP IASC sector indicators as selected in project proposals, (iii) use of funds (un-certified financial expenditures), and (iv) details of sub-granting.
    c. Narrative and financial reporting requirements for NGOs and UN agencies (all considered as Low risk) are determined according to the operational modalities described in table 3 above and are submitted through the GMS.
    d. Financial reporting requirements differ between UN agencies and NGOs.
    e. For UN agencies, reporting requirements are determined by the MPTF Office and indicated in the MoU signed by each Participating UN Organization. The UNDP MPTF Office will produce Annual financial statements and reports as of 31 December with respect to the funds disbursed to them from the fund account, to be provided no later than four months (30 April) after the end of the calendar year.
    f. Financial reporting requirements for NGOs are quarterly, as indicated in the Responsible Partnership Agreement signed between each NGO partner and UNDP as managing agent. All partners will submit a final financial report, certified by the designated authority, after the end of the project.

115. SHF Annual Reports
    a. The HC, supported by OCHA and in close consultation with the IASC sectors, prepares a narrative Annual Report of the Sudan HPF activities based on information provided by each participating UN organization and NGO partner through the GMS. The Annual Report features key facts and figures, best practices, lessons learned and challenges, and showcases success stories and achievements. The Administrative Agent (AA) is responsible for compiling the Annual Consolidated Financial Report of the Sudan HPF as well as the Final Consolidated Financial Report.

116. Transparency
    a. Annual Reports, Financial Reports and related documents on SHF activities in Sudan are posted on the Administrative Agent's website (the MPTF Office GATEWAY at http://mptf.undp.org/) and Sudan OCHA website: unocha.org/sudan/CHF.

b. Periodic updates and annual report: To ensure continuous and sufficient information sharing to stakeholders, SHF TU will generate periodic dashboards and one annual report on the achievements, challenges and funding trends of SHF, which are also on available on Sudan SHF website. Note, these reports will not disclose information that may put partners or affected populations at risk.

Fraud Mitigation and Reporting

117. Fraud Mitigation:
    a. The SHF has zero tolerance for fraud and corruption. The SHF zero tolerance extends to sub-grantees of partners, consultants, contractors, vendors, and all associated parties receiving funds from or providing goods, or services to the SHF.
    b. Immediate reporting of fraud or suspected fraud is mandatory.
    c. Incidents during the project cycle that affect a partners' ability to account for the use of funds or goods, must be reported to SHF TU in writing as soon as they occur. An Incident Report and supporting documents will then be submitted by the SHF TU to OCHA HQ/FCS within 30 days. Incidents include theft by third parties, diversion of humanitarian assistance by a third party, looting of offices or warehouses, or loss of documents.
    d. All NGO partners are required to confirm acceptance and compliance with the UNDP anti-fraud policy. The UNDP Anti-Fraud Policy extends to any SHF funded project implemented by an NGO partner.
    e. NGO partners are required to have in place an anti-fraud policy.
    f. Fraud reporting on a quarterly basis is required by all NGO partners.
    g. Any fraud identified and not reported will result in immediate sanctioning from receiving additional SHF funds.
118. Mechanism for Reporting Fraud:
    a. Fraud or suspected fraud should be reported to UNDP through one of the following channels; Online: www.undp.org/hotline, by phone: +1-770-776-5678 (reversed charges): Interpreters available 24 hours/day, Fax at +1-770-409-5008, worldwide; By email: hotline@undp.org.
    b. Fraud or suspected fraud may also be reported locally in Sudan (Annex 7.8 for contact information).
    c. The Managing Agent has the requirement to report all fraud to UNDP Office of Audit and Investigation (OAI), the Fund Manager and the donors.
119. Investigations
    a. The UNDP Office of Audit and Investigation (OAI) has the mandate to investigate all reports of alleged wrongdoing and allegations of fraud and corruption related to NGO Partner implemented SHF projects.
    b. OAI conducts fact-finding investigations in an ethical, professional and impartial manner, in accordance with the UNDP Legal Framework for Addressing Non-Compliance with UN Standards of Conduct (PDF) and with the OAI Investigations Guidelines.
    c. OAI will acknowledge the receipt of all allegations. OAI will accept anonymous allegations except for those regarding workplace harassment or abuse of authority. Not all allegations will result in an investigation. OAI will review the allegations and conduct a preliminary assessment to determine whether there are sufficient indications to warrant a formal investigation.
    d. During a formal investigation, OAI will establish the facts and substantiate the findings with evidence. OAI submits its investigation reports to the Legal Support Office (LSO) for consideration of disciplinary proceedings or administrative action, as appropriate. Where the investigation does not substantiate the alleged wrongdoing, OAI will close the case and inform the concerned individual accordingly.
120. Sanctions as a result of fraud
    a. Not all occurrences of fraud will result in sanctioning of the organization. The main criteria for sanctioning include consideration of: reasons fraud occurred; at what level the fraud occurred; whether the fraud was immediately reported; history of fraud within the NGO.

6.7 Evaluations

121. Evaluation is an important component of the SHF accountability framework, enabling an independent (external) assessment of the SHF. The next external evaluation will take place in 2018 and will assess how the SHF has performed as humanitarian funding mechanism as assessed against its objectives. Evaluation questions and methodologies are developed as part of the process of conducting each specific evaluation.
122. External evaluations of the SHF are considered internal OCHA evaluations that are managed by OCHA in agreement with the SHF donors. Ad hoc reviews of specific aspects of how the SHF is performing are considered on a case-by-case basis, beyond the mandatory three-year evaluation. Such reviews should be planned and carried out in close consultation between the HC, the A SHF and OCHA in Sudan and be subject to clearance from OCHA headquarters (i.e. Funding Coordination Section).

6.8 Audits

123. UNDP FMU utilizes independent audits for NGO projects to enhance the transparency and sound financial management of allocated resources.
124. External audits allow the HC to obtain evidence-based assurances on the use of funds transferred to NGOs. In particular, external audits help to mitigate financial risks; including misuse of resources and fraud; identify weaknesses in financial and operational management and recommend critical improvements; identify ineligible expenditures.
125. External audit findings provide essential feedback to the partner and the system both, incentivizing the continuous improvement of NGO financial and operational management and performance, and enabling the HC to make better informed funding decisions.

Audits for UN Agencies

126. Participating UN Organizations are audited in accordance with their own Financial Regulations and Rules and in accordance with the MPTF Framework for auditing multi-donor trust funds which has been agreed to by the Internal Audit Services of Participating UN Organisations and endorsed by the UNDG in September 2007.

Audits for NGOs

127. NGO implemented projects are audited in compliance with financial regulations, rules and directives applicable to UNDP, the Managing Agent. The cost of such exercises is added to the project proposals of the NGOs.
128. The Audit is an integral element of sound financial and administrative management, and part of UNDP accountability system. The premise of the NGO implementation modality is that UNDP is entrusting a non-governmental organization with the management of UNDP financial resources.
129. The overarching objective of the audit exercise therefore is to provide UNDP, donor and partners with assurance as to the proper use of resources. By extension, the NGO audit serves as an element of the project monitoring tools used by the SHF.
130. UNDP financial statements are audited annually by the United Nations Board of Auditors and the findings are reported to the UNDP Executive Board and the General Assembly annually. In expressing its opinion on UNDP Financial Statement, the Board of Auditors refers to the outcome of the Audits of NIM (National Implementation) and NGO implemented projects.
131. A risk-based model for selecting NGO projects to be audited is based on an NGO/NIM audit risk rank as determined by OAI and assigned to each country.
132. The NGO/NIM risk rank is based on four quantitative factors and five qualitative factors which are weighted as follows:

Risk Factors		Percentages
Quantitative		
I	Assessment of Net Financial Impact (per cent)	10%
II	Assessment of Net Financial Impact (amount)	10%
III	Assessment of Audit Observations	15%
IV	Assessment of NEX Advances Outstanding for more than 180 days	15%
	Sub-total	**50%**
Qualitative		
V	Assessment of Audit Scope	10%
VI	Timely follow up of audit observations	5%
VII	COs in Special Development or Political Situation	10%
VIII	Special Interests and Concerns of Stakeholders	10%
IX	Transparency International Corruption Perceptions Index	15%
	Sub-total	**50%**
	Total	**100%**

133. Regardless of the risk rating, UNDP Policy requires that an NGO project be audited once in its lifecycle.
134. The Audit Firm delivers an Audit Report that includes a long form management letter that covers the internal control weaknesses identified and the audit recommendations to address them.
135. The NGO must respond in the written audit report of plans to address the audit finding. UNDP FMU follows-up with the NGO to ensure the plan is followed.
136. The Audit Firm evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement, and renders an audit opinion.
137. A qualified audit opinion for any project audit results in the ineligibility of the NGO to receive funding from the SHF for a period of one year. At the end of the one year period, a full capacity assessment must be performed on the NGO. If all required criteria of the assessment are met, including the financial accounting or control issues that resulted in the qualified audit opinion, the NGO may be reinstated as an eligible NGO partner.
138. In the case of eligibility re-instatements following a qualified audit opinion, the standard nomination process must be followed.
139. The UNDP Managing Agent Guidelines for Engagement with NGOs under Pooled Funds - Guidance Note for Country Offices, provides full details of the audit process. (To be included as Annex following review and approval by all parties).

Audits of SHF

140. SHF Audits are triggered and performed by the main oversight bodies of the United Nations: the UN Board of Auditors, the Office for Internal Oversight Services and the Joint Inspection Unit Findings are made available to appropriate stakeholders.
141. As required by the UNDP Office of Audit and Investigation, the Sudan FMU keeps a log of all audit findings, to ensure that organizations address previous findings on management weaknesses. An NGO with any outstanding audit issues is not eligible for funding until those issues have been fully addressed.

6.9 Compliance Measures

1. Through the aforementioned accountability mechanisms, the HC aims to safeguard programmatic and financial management of the SHF. Compliance measures enables the HC to address non-compliance with the legal terms agreed between the fund and the recipient organization, especially related to the following types of situations:

i. Overdue financial or narrative reports.
ii. Non refund of unspent funds.
iii. Critical (high risk) audit findings/qualified audit opinion (especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system;

lack of supporting documents, lack of authentic receipts).

iv. Critical findings from monitoring and financial spot checks.
v. Violation of humanitarian principles and code of conduct[7].
vi. Indication of possible fraud, corruption or misuse of funds.

142. NGO performance is monitored continuously and rated as indicated in section 6.3. An NGO with consistently low performance will no longer be eligible for SHF funding (see Annex 7.7). Any suspension also prohibits the NGO to engage as a sub-grantee in a SHF project.

a. .

143. compliance measures include non-exhaustively the closure of projects, suspension of projects, suspension of disbursement, changed operational modalities, change in the partner risk level and are at the discretion of the HC.
144. The general principle underpinning the application of compliance measures is that they reflect serious breaches which extend beyond the performance related criteria being rated and monitored.

6.10 Complaint mechanism

145. Stakeholders with insufficiently addressed concerns or complaints regarding the SHF processes or decisions should first contact the OCHA Pooled Fund Manager on chfsudan@un.org.
146. If after discussion the concerns remain, stakeholders can at any point in time contact the Special Assistant to the HC with these concerns (see email in Annex 7.11) through an email with the subject line “SHF complaint”.
147. The Special Assistant to the HC will verify if sufficient dialogue has been engaged in with the SHF TU.
148. If so, the assistant will formally ask SHF TU, for a response copying the OCHA Head of Office, and if concerned the UNDP Country Director.
149. The OCHA TU will formally respond to the HC, who will then decide on the outcome or on follow up actions.
150. Substantial complaints will be reported to the Advisory Board during regular meetings.

6.11 Additional information

151. Relevant OCHA policies and guidelines on CPBFs can be found on OCHA website (http://www.unocha.org/what-we-do/humanitarian-financing/country-based-pooled-funds)

152. Contacts: CHFSudan@un.org

[7] See GA Res 46/182 and https://cdu.unlb.org/UNStandardsofConduct/CodeofConduct.aspx https://oios.un.org/page?slug=report

7. Annexes

Annex 7.1 List of Advisory Board members as of February 2016

- Donors: DFID, SIDA, Norway, Germany, Switzerland, Ireland, Denmark, South Korea
- Three heads of UN Agencies: WFP, UNHCR, WHO
- Three NGO representatives: 2 INGO Steering Committee members, Friends of Peace and Development Organization (FPDO)
- Non-contributing donors as observers: ECHO and USAID/OFDA

Annex 7.2 Strategic Review Committee Report

SHF 207 – SRC – IASC Sector

SHF – Strategic Review Committee Meeting Report

Please submit this report to the SHF Technical Unit at OCHA Sudan (Khartoum: chfsudan@un.org, sector focal point).

For further SHF information please visit: **http://www.unocha.org/sudan/common-humanitarian-fund/allocations** or contact the SHF Technical Unit.

Sector Name	
Sector Coordinator Details	
Date Of Meeting(s)	

Attendance List (please list the names of reviewers in the strategic review groups)

#	Name	Title	Organization	Email	Telephone
1					
2					
3					
4					
5					
6					
7					
8					

Meeting Report

1. Scoring outcome and recommendations

List the project concept notes (with partner info) that were scored. Indicate the projects recommended for funding. Specify the reason why projects above the cut-off point or with a high score have not been recommended or mention exceptional changes requested to the project. Mention which projects were not deemed eligible and mention the reason why.
State the total number of projects and the total value of recommended concepts notes.

Project code (4digit)	Partner	Project title	Localities	SRC score	Original Budget USD	Recommended Budget USD	Comment

2. Contentious Issues

Describe any contentious issues around the recommendation of proposals.

3. Any Other Issues

List any other issues that the SHF Technical Unit, Advisory Group or Humanitarian Coordinator might need to know and/or take action on, including lessons learned

Annex 7.3 Guidance on exchange rates and inflation handling

Internal Policy Regarding Rate of Exchange for Financial Reporting

At the start, all SHF partners are expected to have in place an internal financial policy to determine the effective rate of exchange for financial reporting. The policy should reflect the actual effective rate of exchange in Sudan, (rather than from an on-line or external foreign currency rate source), and should be consistently applied throughout the program cycle, regardless of whether the result is favorable or unfavorable. The policy should be clear, transparent, and supportable during an audit.

The Official Rate versus the Incentive Rate

Partners should use the rate which offers the programme the best value and is not illegal under Sudanese law. When banks are exchanging funds from USD or EUR to SDG, the bank may provide two different rates for the same transaction: the official and an incentive rate. In determining the effective rate of exchange to use for SHF financial reporting, the NGO should consider the **total amount of SDG** received from the bank in exchange for the total amount USD/EUR remitted for exchange.

For Participating UN Agencies, the monthly UN Official Rate of Exchange, or the Agency's effective rate of exchange in Sudan should be used, following the principle of using the rate which offers the SHF programme the best value.

Currency/Inflation Related Funds Insufficiencies

SHF Partners are expected to fully achieve the targets and results as presented in the project proposals.
In the case that unbudgeted prices increase or currency appreciation (lower monetary value) results in less funds available for the project and its beneficiaries, the partner is requested to inform the SHF Technical Unit, if this causes an underperformance of more than 10 per cent of the original targets. The SHF Partner is required to provide substantial evidence to the SHF Technical Unit that the underperformance is related to fund insufficiencies and not a result of general underperformance due to, for example, inaccurate budgeting or project implementation. After this, the SHF Technical Unit may initiate a project revision if deemed necessary.

Exchange Related Gains

In the cases when a higher exchange rate is obtained than the one used when developing the budget (or a currency devaluation, or a price decrease), more inputs will be available to the project and its beneficiaries. The SHF partner is again requested to inform the SHF Technical Unit if a gain of more than 10 per cent is obtained and as per usual practice, when a variation of 20 per cent or more on the approved budget category is intended.

- The SHF Technical Unit may initiate a revision request. Upon evaluation, the SHF Technical Unit may accept the project changes or limit the funding to the project.
- The SHF Technical Unit may decide not to allocate final disbursement tranches, reduce final disbursement tranches or request a refund if the project results are achieved.

In all cases, the following should be adhered to.

- Gains are expected to be used to increase the benefits going to beneficiaries or to expand the
- number of beneficiaries.
- Gains are not intended to be used to extend the duration of projects.
- Gains cannot be used to expand activities to localities not in the original project proposal, unless approved through a Project Revision request.
- Gains cannot be used outside the SHF project which will be considered as fraud.
- Gains cannot be used to increase staff salaries, staff benefits or to engage additional staff.
- Not reporting gains or savings will result in sanction measures.

Every SHF partner is, of course, expected to apply the above to all sub-grantees.

Annex 7.4 Risk Evaluation and Treatment

Risk	Mitigation strategy	Timeframe	Risk owners
Risk 1: Fund positioning and allocation strategies need further prioritization to demonstrate added value	**Reduce risk** *Existing measures* • Prioritization starts at field level • Humanitarian Needs Overview (HNO), Humanitarian Response Plan, 3Ws and donor priorities taken into account during prioritization • Operational Manual, Positioning Paper have been developed in 2016 • Cases for funding, common priority localities, multi-sector, consortia and area-based approaches, minimum ceilings by risk level • Publication of human interest stories *Additional Mitigation measures* • • Stronger involvement HC/OCHA ISCG coordinator (update Operational Manual). • Start with strategic direction from HC (in consultation with the SHF Advisory Board) before field or ISCG consultations • Communication of results of pilots and cases for funding	Q1 2018 Q4 2017 Continuous	SHF TU SHF TU
Risk 2: Limited visibility on funding complementarity	**Reduce risk** *Existing measures* • Contacting other donors about funding plans, share selected projects' list with AB members, ask for complementary funding in project proposals, Financial Tracking Service (FTS) *Additional Mitigation measures* • Regular exchanges with donors	Continuous	Donors
Risk 3: Declining and late contributions do not allow SHF to reach impact & leverage coordination	**Accept risk with existing mitigation measures** *Existing measures* • Review processes requested by donors carried out *Additional Mitigation measures* • SHF Resource mobilization strategy and activities • Discuss mechanisms of launching an allocation with uncertain funding commitments		

	• Discuss the possibilities of other (development) stakeholders engagement to take over projects to ensure sustainability		
Risk 4: Projects lack adequate programmatic implementation of SHF standards and quality	**Reduce risk** *Existing measures* • In 2016 a GenCap advisor has supported the SHF allocation projects and two consortium projects have piloted gender mainstreaming in all activities and developed practical guidance for gender mainstreaming in all sectors. • UNEP involvement in Technical Review Committee (TRC) • Performance monitoring of projects as of the second 2015 standard allocation • Revised M&R set-up • Allow for projects below minimum floor for high risk partners on a case by case basis *Additional Mitigation measures* • *Update of SHF M&R framework (e.g. introduction of remote call monitoring)* • • • Provide analysis of monitoring results/issues for policy development • Monitor certain projects after project closure to verify sustainability. • Decrease ceilings for high and medium risk partners in operational modalities	Q1 2018 2018 Q1 2018	SHF TU SHF TU SHF TU
Risk 5: Timelines impeding the allocation objectives	**Reduce risk** *Existing measures* • Possibility to ask for no cost extensions and project revisions *Additional Mitigation measures* • • Review timing of allocations and discuss smaller more focused allocations • Discuss stronger initial screening of projects before bringing to the SRC • Change SHF Reserve for Emergencies process in line with Global Handbook	Q4 2017 Q4 2017 Q1 2018	SHF TU SHF TU SHF TU
Risk 6: Inadequate capacity of fund management unit and leadership	**Transfer/reduce risk** *Existing measures* • Possibility of Surge capacity to fill in existing HR gaps • Revised M&R set up • Operational Manual makes procedures more systematic		

	Additional mitigation measures • • Follow-up on discussion on mobility and recruitment with HQ	Continuous	OCHA
Risk 7: Perception of fairness of the fund's processes	**Accept risk with existing mitigation measures** *Existing measures* • Operational Manual • Strong implication of SHF TU to guarantee fair process in SRCs • Rotation of SRC members is encouraged and role of SRC in training to partners is being underlined • Partner performance is included in project scoring *Additional mitigation measures* • • SHF TU and Sector coordinator will be part of the SRC (updated Operational Manual)	2018	
Risk 8: Risk of fraud/corruption/facilitation payments/financial mismanagement	**Accept Risk with existing mitigation measures** *Existing measures* • Financial spot checks, audits, mandatory anti-fraud policy for all partners • Introduction of risk based grant management • Performance monitoring to adapt risk level of partners • costs) • Regular quality monitoring • Encourage transparent budgeting/declaring external entity payments and advocacy with the donor community towards the authorities • Communication protocol on underperformance and fraud suspicion in place • Mandatory incident and fraud reporting	Q4 2016 Continuous Q1 2017	SHF TU SHF TU SHF TU
	•		
Risk 9: Sub-granting partners may not adhere to SHF standards	**Accept risk with existing mitigation measures** *Existing measures* • Possible to ask for a no cost extension/project revision for unforeseen and unanticipated delays • Access negotiations (access dashboard) Advocacy donors and HC to improve humanitarian operating environment		

Risk 10: Lack of government collaboration impedes SHF objectives	**Reduce risk** *Existing measures* • Possible to ask for a no cost extension/project revision for unforeseen and unanticipated delays • Access negotiations (access dashboard) • Advocacy of donors and HC to improve humanitarian operating environment		
Risk 11: Damage of project goods	**Accept risk with existing mitigation measures** *Existing measures* • Security protocols of SHF partners • Mandatory reporting to the SHF TU and sharing with OCHA HQ		

Annex 7.5 Standard Operation Procedures for field monitoring

Timeline	Information/Action	Check
Pre-departure		

2 weeks prior to departure	• SHF M&R Team Leader develops M&R plan and shares with the IASC sectors for their participation.
	• SHF M&R Team leads the field monitoring mission with participation and support, if any, from the sectors.
	• SHF M&R Team Leader drafts a joint monitoring mission TOR which includes:
	  ○ team composition;
	  ○ selection strategy & the list of prioritized projects;
	  ○ schedules and locations (where possible selecting the locality with highest percentage of activities as per the project document);
	• SHF M&R Team Leader sends monitoring plan to OCHA sub-offices and requests feedback on:
	  ○ Feasibility of the monitoring mission schedule, including distances, need for armed escort, and security situation in the area;
	  ○ Their capacity in providing logistical and administrative support in the arrangement of transportation, accommodation, permits and security arrangement for travel to field locations;
	  ○ Need for informing and seeking clearance from any relevant state authorities;
	  ○ To address any other relevant administrative issue;
	  ○ If sub-office has any relevant information regarding the targeted partners.
	• SHF M&R Team informs partners (NGOs: Country Director, UN: Programme Manager) about the planned monitoring mission.
	  ○ Share the mission TOR and tentative schedule;
	  ○ Clarify exact locations of where the project is being implemented and request a brief description of the implementation status.	

1 week prior to departure	• SHF M&R Team performs a desk review of the projects concerned including review of:
	  ○ Project document
	  ○ Previous reports (financial quarterly, narrative, sector output indicator)
	  ○ Status of previous recommendations' implementation
	  ○ No Cost Extensions (NCEs), project revisions
	  ○ Feedback on partners from OCHA or sector lead sub-offices
	• SHF M&R Team conducts bilateral project review meetings with partners and the sectors. Partners submit the project progress review forms to SHF M&R Team prior to the meeting.
	• SHF M&R Team organizes a pre-mission joint team meeting to:
	  ○ Discuss the monitoring arrangements and substantive issues;
	  ○ Address / follow-up on any pending administrative and logistic issues
	• SHF M&R Team contacts OCHA / UNDP/lead agency sub-offices:
	  ○ To confirm the admin/logistic arrangements (above);
	  ○ To consult about and ensure the escort arrangements;	

	○ To confirm availability of OCHA sub-office SHF focal point and/or agency lead focal points to accompany the mission to the site visits • Contact partners to get an update on their planning for the visit.	
During the mission		
Upon arrival During the site visit	• With support from OCHA sub-offices, the monitoring team visits the local authorities (HAC) to inform them of the schedule and purpose of the mission. • The SHF M&R Team Leader holds an introductory meeting (collective or individual) with the partners: ○ Objective of the mission; ○ Go through the monitoring form; ○ Confirmation of the schedule for the visit of project sites; ○ Basic project progress queries; ○ Update on the security situation in the area to be visited. • SHF M&R Team interacts with project staff regarding the project progress, best practices and success stories, challenges, cross-cutting issues etc. • SHF M&R Team interacts with beneficiaries and other relevant stakeholders. • SHF M&R Team takes notes and collects visual materials (pictures, videos) during the site visits. • Possible tools include direct observation, (semi-structured) interviews, focus group discussion and use of checklist e.g. on Accountability to Affected Population (AAP). • SHF M&R Team holds a de-brief with each partner visited to discuss (and if possible with the sector coordinator in the concerned locality): ○ Major findings of the monitoring mission; ○ How to improve financial or programmatic aspects of the project (recommendations); ○ What they can expect following the mission.	
Post-mission		
Within 2 weeks	• Mission debrief meeting by the Monitoring team [can be done on the last mission day] on: ○ Report inputs (discussion, consolidation); ○ Lessons learned. • SHF M&R Team drafts and shares the monitoring report with the partners and the sector coordinators	

Within 4 weeks	• SHF M&R Team shares the cleared joint monitoring report and recommendations, including follow-up actions, shared with the relevant sector coordinators (Khartoum and field) and partners for actions • SHF M&R Team upload cleared joint monitoring report and other supporting documents in Grant Management System (GMS). • SHF M&R Team updates the implementation performance of the partner as per the performance management tool (Outstanding performance=4; Good performance=3; underperforming but justified=2; underperforming but not justified=1; No performance=0) • SHF M&R Team shares potential human interest stories and other communication material for publication by OCHA and other relevant parties, e.g. donors, sectors, and partners.	
Within 2 months	• SHF M&R Team follows up with partners and the sectors on progress on recommendations and required actions. Appropriate and justified measures taken for non-compliance/failure to implement recommendations i.e. suspension of next payment until corrective actions taken.	
Every Quarter	• SHF M&R Team analyses and consolidates lessons learned/policy recommendations from monitoring missions and shares with the Advisory Board during operational review meetings for review and consideration for future policy decisions and allocation strategies.	

The monitoring recommendation and lessons learned logs have the following format:

Monitoring Recommendation Log

#	Cluster	Org	Allocation type	Date of recommend-ation	Recommend-ation/s	Source	Implementation timeline	Resp. Party	Follow up by	Imp. Status	Remarks

M&R Lessons learned log

Lessons learned	Recommended Policy Action	Logged in by

Annex 7.6 Standard Operation Procedures for programmatic spot checks

1. The main objective of Programmatic Spot Checks carried out by OCHA field office staff is **to notify serious concerns regarding project implementation**. The intention is not to do detailed monitoring or verification but **to discuss and observe implementation status of project activities** with the implementing partner and stakeholders. This is not a detailed monitoring and should remain light exercises (max 2 hours).

2. The Programmatic Spot Checks **contribute to the main objective** of the SHF monitoring and reporting framework which is part of the SHF Operational Manual. This main objective is to "**Ensure adequate verification of reported results at project level thereby contributing to increased accountability**". The Programmatic Spot Checks may yield other results as a better understanding of partner projects, needs and constraints and a strengthened relationship.

3. The field staff should have a constructive attitude versus a controlling/auditing attitude. This should allow partners to come forward with constraints or delays they are facing, knowing they will be reported to the SHF

Technical Unit. At no point, the Programmatic Spot Check should compromise the role as coordinators that field office staff have. If such would be the case, please contact the SHF Technical Unit (TU) M&R focal point.

4. Field Project Spot Check Procedure

Timeline	Actions	In charge
1 week prior to SC	a. Trigger to visit projects that are ongoing or have been recently completed a. Initiative of the OCHA field office (FO) to contact M&R on planned visits to areas where SHF projects are. b. SHF TU M&R Team to send a request to a FO b. FO to plan the visit with the partner in the state and explain what the Programmatic Spot Check entails. (No surprise visits) c. FO to download project information from the GMS and prepare the Programmatic Spot Check report template. Depending on the project, the Programmatic Spot Check can include only a part of the activities of a project or only cover a part of the targeted localities. d. If required, FO to arrange a meeting with the partner at state level to obtain general understanding on the status of project implementation or request information to the SHF TU M&R focal point.	SHF TU M&R, FO
During SC	a. The partner organization should be part of Programmatic Spot Check team. b. Observe the project implementation at project sites: • Visit running services, e.g. TLS, CFS, Women Centres, health clinic, OTP/SFP, latrines, clean water sources (e.g. handpump, ponds, tanks, solar panel etc.), installed emergency shelters in camps etc. • Attend events, e.g. trainings, awareness sessions, distribution (eg. ES/NFI material, seeds, tool kits, OTP/SFP sessions etc.). c. Discuss project implementation with the main stakeholders: • Conduct simple low-profile focus group discussions with beneficiaries with special attention to women, children, older people, people with disabilities and other vulnerable groups. • Talk to head of village, community leaders, camp manager, service providers (e.g. teachers, nutritionists, health assistants/medical doctors, nurse, training facilitators etc). • Meet with relevant government officials and line departments, eg. local HAC, WES, Health/ Education/Social Welfare/Agriculture/Public Works departments etc. d. Take pictures of services, facilities, activities and beneficiaries and collect other documents of interest that the partner proposes to share. e. Alert SHF Technical Unit M&R should there be alarming situation and immediate actions be taken at Khartoum level *Recording a human interest story of one of the beneficiaries is always encouraged.*	FO
1 week after SC	a. F0 to submit Programmatic Spot Check report to SHF TU M&R focal point. b. SHF TU M&R focal point to clear and upload the report in the GMS (hence share with partner and respective national sector coordinators).	SHF TU M&R, Fo

Annex 7.7 Incident report form – Theft, looting, diversion etc.

This form is to be used in the case of theft or losses caused by actions primarily outside of the control of Partners. It is not to be used in the case of fraud or theft by a partner employee, staff members or supplier. Instructions are attached below.

1 – Project Details

Organization Name:		**Cluster**	
Project Code:		**Contact Name:**	
Location:		**Contact Email/Tel No.:**	
Actual project duration (start and end date as grant agreement):		**Date of Allocation:**	
Project Title:		**Amount Allocated:**	

2 – Description of Losses

Type of Loss: Indicate the type (s) of loss being reported.	**Contribution of Other Organizations:**
☐ Cash ☐ Property ☐ Assets ☐ Other If you selected Assets, Property, or Other, please specify and describe. Please provide summary of items here, and attach a packing list or excel sheet with the items, quantities and costs:: _____ _____ _____ _____ _____	If funding or support for these items was also provided by other donors/organizations, please list them below, and identify: _____ _____ _____ _____ _____ _____ _____ _____ _____ _____

3 – Value of Losses

Provide information about the value of the losses.

Value of Losses in form of Cash	**$**	%
Value of Loss of Assets	**$**	%
Value of Loss of Property	**$**	%
Value of Loss (Other)	**$**	%
Total of Value of Losses	**$**	

Please be as specific as possible, and consider that these amounts will be verified through the end of project audit. Please also indicate if any further enquiries or analysis is expected that may provide more details or allow further quantification of the loss.

4 – Summary of the Incident

Summary
Please provide a description of the event that occurred which resulted in a loss. Please be as specific as possible. Where applicable, refer to Supporting Documents, which may be included below.

5 – Mitigating Steps

Recommendations
Recommendations to mitigate a recurrence of this incident:

6 – Impact

Impact on Project
Please explain briefly the impact of the incident on project activities (please note that any significant changes to the project implementation need to be requested and approved through the GMS):

7 - Budget

Impact on Budget
Please state the budget elements and expenditures affected by the incident:

8 – Supplementary Documents:

Please provide any documents which give further information about the losses, including police reports, valuation of property, photographs taken before/after the incident, et cetera.

List documents by name:

9 – Next Steps:

☐ Upload Form and Supporting Documents to GMS

☐ Submit the Report to the cluster coordinator

☐ Submit the Report to the UNDSS or the U.N. Mission *(where appropriate)*

N.B. OCHA will prepare a Summary Report of incidents to present to the Advisory Board.

10 – Certification and Signature:

By submitting this report, I certify that the information I have given is accurate and correct, and that I have presented the facts to the best of my knowledge and ability.	**Name and Position:**	**Signature:**	
		Date	

Instructions for reporting incidents - For Partners

Scope

Incident Reports must be submitted in cases of losses suffered by **Partners** due to circumstances outside of their control. OCHA should be informed in writing as soon as the incident occurs, and then the incident report and supporting documents should be submitted within 30 days.

Incidents that must be reported include (but are not limited to) theft by third parties, diversion of humanitarian assistance by a third party (for example, a third-party actor diverts aid at a roadblock), the looting of offices or warehouses belonging to the partner, damage to partner property.

What is not to be reported using incident report forms:

Eruptions of violence or conflict that cause changes in program operations, but do not result in loss of assets, should be noted in project revisions through the Grant Management System (GMS).

If the theft or loss is the result of the actions of partner employees, staff members, or suppliers (i.e. fraud), this must be reported directly to the OCHA Head of Office or Fund Manager or through the anonymous complaints mechanism of the CBPF.

Purpose:

These guidelines are designed to assist Implementing Partners in filling out the Incident Report Form.

Instructions for the Form:

1. Project Details. This Report should be filled out as soon as possible following an incident and should as much as possible, include the actions taken following the incident and the follow up. This Report must be submitted within the duration of the project, so that it can be considered and reviewed by OCHA and included in the audit of the project. If assets from more than one CBPF project were lost, this can be reported on one form, but the report must identify the assets lost per project, and the forms must be submitted and uploaded for each project.

2-3. Description of Losses, Value of Losses. The Report includes fields for the type of loss, contribution of other organizations, and value of the losses. This information is important in cases where partners may have received

funding from multiple sources, so that OCHA can track how much the Fund has contributed to the lost property/assets.

Please be as specific as possible, and consider that these amounts will be verified through the end of project audit. Please also indicate if any further enquiries or analysis is expected that may provide more details or allow further quantification of the loss.

4. Summary of the Incident. The Report also includes a section for the summary of the incident. In this section, the partner can give a description of what occurred to cause the loss. The description should be as detailed as possible, and should include the context in which the loss occurred (for example, as part of a larger conflict, or an isolated incident, et cetera).

5. Mitigating Steps. Please include your recommendation of steps to take in the future to prevent this or similar incidents from recurring.

6. Impact. In this section, explain briefly the impact of the incident on project activities (please note that any significant changes to the project implementation need to be requested and approved through the GMS). Please indicate whether it will be possible to recover project activities within the existing approved budget, and explain what measures have been taken to do so. Please be as specific as possible.

7. Budget. In this section, state the budget elements and expenditures affected by the incident. Please be as specific as possible.

8. Supplementary Documents. Please provide any documents which give further information about the losses, including police reports, valuation of property, photographs taken before/after the incident, media reports, reports to UNDSS or other donors et cetera. It is understood that in some cases (such as ongoing conflict), it may not be possible to obtain a police report, but there should be clear evidence of actions taken following the incident, and the relevant documentation should be submitted. In the space provided, list the attached documents by name.

9. Next Steps and Follow-Up. In addition to completing the Report and submitting it to the GMS, partners should also submit the Report to the appropriate cluster and U.N. Mission, where applicable. A summary of incidents will be presented by OCHA to the Advisory Board and include plans to prevent and protect the project from future theft, diversion, or looting. The summary provided to the Board should be saved and included in U.N. audits.

10. Certification and Signature. Please provide your name, date, and signature to certify the contents of the Report.

Annex 7.8 Contact information for fraud reporting in Sudan

Elizabeth Whitehead, Head of Fund Management Unit, Elizabeth.Whitehead@undp.org, 249-18712-1205

Annex 7.9 Contact information for complaint mechanism

Karem Issa, Special Assistant to the HC, issa32@un.org