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for the Coordination of
Humanitarian Affairs

Operational Handbook for Country-based Pooled Funds

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Acronyms

AA	Administrative Agent
AAP	Accountability to Affected Populations
AB	Advisory Board
BOA	Board of Auditors
CAAP	Commitments to Accountability to Affected Populations
CBPFs	Country-based Pooled Funds
CERF	Central Emergency Response Fund
CHAP	Common Humanitarian Action Plan
CHF	Common Humanitarian Fund
CN	Concept Note
CRD	Coordination and Response Division
CV	Curriculum Vitae
PRMB	Partnerships and Resource Mobilization Branch
DSA	Daily Subsistence Allowance
ECA	External Capacity Assessment
ERC	Emergency Relief Coordinator
EO	Executive Officer
FCS	Funding Coordination Section
FTS	Financial Tracking Service
GA	Grant Agreement
GBV	Gender-Based Violence
GMS	Grant Management System
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HFU	Humanitarian Financing Unit
HoO	Head of Office
HPC	Humanitarian Programme Cycle
HRP	Humanitarian Response Plan
IASC	Inter-Agency Standing Committee
ICA	Internal Capacity Assessment
ICCG	Inter-Cluster Coordination Group
ICCT	Inter-Cluster Coordination Team
IEHK	Interagency Emergency Health Kit
IT	Information Technology
LTA	Long-Term Agreement
MA	Managing Agent
M&E	Monitoring and Evaluation
M&R	Monitoring and Reporting
MOU	Memorandum of Understanding
MPTF	Multi-Partner Trust Fund Office
NCE	No-Cost Extension
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
OCT	OCHA Contribution Tracking System
OIOS	Office of Internal Oversight Services
PCA	Proxy Capacity Assessment
PEP	Post-exposure Prophylaxis kits
PFWG	Pooled Fund Working Group
PI	Performance Index
PP	Project Proposal

PSC	Programme Support Costs
RC	Review Committee
SAA	Standard Administrative Arrangement
SLT	Senior Leadership Team
SOP	Standard Operating Procedure
SRC	Strategic Review Committee
TOR	Terms of Reference
UN	United Nations
TRC	Technical Review Committee
UNDP	United Nations Development Programme

1. Introduction

1.1 Introduction

1. Country-based Pooled Funds (CBPFs) are multi-donor humanitarian financing instruments established by the Emergency Relief Coordinator (ERC) and managed by the UN Office for the Coordination of Humanitarian Affairs (OCHA) at the country level under the leadership of the Humanitarian Coordinator (HC). While OCHA has managed humanitarian pooled funds at the country level since 1995, CBPFs are rooted in the 2005 Humanitarian Reform and the Secretary-General's report "In larger freedom"¹, which calls for predictable and flexible humanitarian funding to meet the needs of vulnerable communities.
2. CBPFs are critical tools to support the delivery of the OCHA's humanitarian coordination mandate. They receive un-earmarked funding from donors and allocate it in response to priority humanitarian needs through joint planning and an inclusive and field-driven decision-making process. OCHA's approach to the management of CBPFs is anchored in the principles of the Inter-Agency Standing Committee (IASC) Transformative Agenda, which stresses the importance of providing predictable, timely and consistent resources towards principled humanitarian action. This approach is reinforced in the 2014-17 OCHA Strategic Framework, which highlights the role of CBPFs in promoting timely and un-earmarked funding allocated based on priority needs. The Strategic Framework calls for the use of CBPFs to enhance coordination and complementarity among humanitarian financing mechanisms. CBPFs promote diversity and partnership by supporting a variety of humanitarian actors, including national non-governmental organizations (NGOs), with the resources they need to contribute to humanitarian response operations, and by engaging them in the governance and management of CBPFs.
3. CBPFs promote coordinated humanitarian response through their close alignment to the Humanitarian Programme Cycle (HPC)². Harmonized CBPF processes and tools aim at making the mechanisms more effective and efficient in supporting the implementation of the Humanitarian Response Plans (HRPs).
4. CBPFs also enhance resource mobilization efforts and make more resources available for humanitarian response activities prioritized under the HRP.
5. The CBPF Operational Handbook (hereinafter referred to as the Handbook) sets the minimum global standards for effective and efficient management of CBPFs. The Handbook responds to the need for standardized management arrangements and builds upon the vast experience gained by OCHA over the years in managing CBPFs in different country contexts³.

1.2 Purpose and scope of the Handbook

6. The purpose of the Handbook is to ensure a coherent approach to the strategic and operational management of all CBPFs. The Handbook defines management arrangements that enhance quality and accountability to UN Member States, donors, beneficiaries, and humanitarian partners, including those receiving CBPF grants.
7. The Handbook elaborates the OCHA Policy Instruction on CBPFs⁴, which describes the objectives,

¹ UN General Assembly, In larger freedom: towards development, security and human rights for all: report of the Secretary-General, 21 March 2005, A/59/2005.

² The HPC, whose tools help the humanitarian community design a collective response, guides and enhances the action of CBPFs. Coordinated needs assessments, for example, feed into the design of HRPs which, in turn, shape the priorities supported by CBPFs and link them to the activities prioritized by the humanitarian community. Projects funded by CBPFs support the delivery of HRPs by contributing to their collectively agreed objectives and indicators.

³ Reference to 1) Audit of OCHA's Trust Fund for Disaster Relief 2012, 2) BoA (biennium ended 31 December 2011), 3) Global CHF Evaluation 2010, 4) Global External Evaluation of Emergency Response Funds, Universalis, 2013.

⁴ Policy Instruction on OCHA-Managed Country-Based Pooled Funds.

management and governance arrangements for all OCHA-managed CBPFs. The Handbook contains a set of annexes developed to guide and support OCHA Country Offices in the management of CBPFs.

8. The primary audience for this Handbook are OCHA Country Offices and, in particular, the Humanitarian Financing Units (HFUs) that support and administer the CBPFs. The Handbook provides a set of processes and tools to provide guidance in the management of CBPFs and serve as minimum standards. OCHA Country Offices should build upon these minimum standards to ensure that the use and management of each fund meet the requirements of their context in which they are used.
9. The Handbook describes the roles and responsibilities of HCs, OCHA, UN agencies, NGOs⁵, clusters and other stakeholders when engaging in the operation of CBPFs.
10. CBPFs are humanitarian financing instruments managed at the country level. They operate in different contexts and respond to a broad range of crises. CBPFs should be therefore flexible and adapted to local contexts.
11. This Handbook presents additional technical guidance, processes and tools that must be adopted by each CBPF as minimum standards. While funds are required to comply with this Handbook, they retain the flexibility to build upon the requirements and adopt additional mechanisms that allow better responsiveness to each country context.⁶
12. The processes and procedures described in Chapters 2, 3 and 4 should be further spelled out in a country specific “Operational Manual” (Annex 1, CBPF Operational Manual Template) prepared for each CBPF. While the minimum parameters described in this Handbook must be adhered to, each CBPF has to define the specific arrangements necessary to work in a given country context. This includes membership of governance bodies; specific steps in the allocation process; and the accountability framework, including procedures for capacity assessment, risk management and monitoring.
13. This Handbook is subject to periodic reviews. An assessment of the implementation of the Handbook will be carried out in 2021. In order to allow for flexibility and efficiency in the management of CBPFs, the annexed templates can be modified more frequently should this be deemed necessary.

2. Establishment, closure and governance of Country-based Pooled Funds

2.1 Establishing and closing Country-based Pooled Funds (CBPFs)

2.1.1 Establishing a CBPF

14. CBPFs are established by the ERC at the request of the HC and in consultation with the humanitarian community, when it is demonstrated that a CBPF can bring added value to the delivery of humanitarian operations.
15. Each CBPF is supported by a Humanitarian Financing Unit (HFU) which is costed directly to the Fund.
16. The paragraphs below outline the steps to be taken when considering establishing a CBPF.

⁵ Organizations of the Red Cross/Red Crescent movement can access funding under CBPFs. Their applications for funding are handled in the same manner as NGOs (capacity assessments, evaluations, etc.)

⁶ For those funds where OCHA is not managing the contracting of NGOs, the funds should ensure that management practices are aligned with this Handbook.

Assessment of the need for a CBPF

17. The decision to establish a CBPF follows a field-driven process, led by the HC and supported by the OCHA Country Office, which seeks to build consensus within the humanitarian community and assess the utility of a CBPF. OCHA's Coordination and Response Division (CRD) and Funding Coordination Section (FCS) support the HC and OCHA Country Office in this regard from headquarters level⁷. The following criteria need to be met for a CBPF to be considered:
- i. Existence of HRP or similar humanitarian planning framework.
 - ii. Indication of donor commitment, both at the country and capital level.
 - iii. Sufficient support structures at country level to manage a CBPF. This is mainly related to i) OCHA's capacity (OCHA's presence is required), and ii) capacity and commitment of existing coordination structures (clusters or sectors).
 - iv. Presence of, and buy-in from, potential partners in-country with capacity to deliver humanitarian assistance.

Decision to establish a CBPF

18. If it is determined that a CBPF should be established:
- i. A concept note is developed by the OCHA Country Office in consultation with CRD and FCS and submitted to the HC. The concept note should include the following:
 - a. Rationale for establishing a CBPF.
 - b. Proposed CBPF objectives, programmatic focus and link to the HRP.
 - c. Intended size of the proposed fund, with direct reference to donor commitments.
 - d. An initial indication of the country-level governance and management arrangements in line with the Handbook.
 - e. Existing staff capacity together with any additional capacity and staffing requirements.
 - f. An action plan describing the steps to be taken from approval to establish a CBPF to the first allocation.
 - g. An initial analysis of risks, including mitigation strategies, associated with establishing and running a CBPF in the country.
 - h. The identification of criteria for the possible deactivation of the proposed fund.
 - ii. The HC submits the note with the ERC
 - iii. The ERC, in consultation with the CBPF Governance Board ([see below](#)) at OCHA HQ, will make a final decision on the establishment of the CBPF and inform the HC in writing.
 - iv. OCHA informs key stakeholders, including donors both at the country and capital level, as required.

Legal establishment of a CBPF

19. The OCHA Country Office is responsible for initiating the legal establishment of the CBPF on behalf of the HC. The steps involved depend on what entity receives and manages donor contributions⁸.
20. When OCHA receives and manages donor contributions, the following steps are undertaken:
- i. FCS Finance Unit requests that a project code for the new CBPF is created under the Country Trust Fund account code to receive donor contributions.
 - ii. Once the fund has been formally established, the OCHA Country Office drafts the Operational Manual (Annex 1, CBPF Operational Manual Template) of the fund. The HC approves the Operational Manual. The Manual should include the following elements and should be based on the minimum standards contained in the Handbook:

⁷ CRD and FCS may conduct a scoping mission at the request of the HC to determine the viability of a CBPF.

⁸ For those cases where the Multi Partner Trust Fund Office is responsible for administering the CBPF, Memorandum of Understanding and Standard Administrative Arrangement will be used (see Annex 24 c and d).

- Fund scope and objectives.
- Governance structures and membership.
- Programmatic focus.
- Allocation modalities and related processes.
- Accountability mechanisms and operational modalities.

21. Following the formal establishment of the CBPF, the following steps should be carried out:
- i. HC engages with 2-3 donors to approve a directly costed budget to staff the new HFU prior to AB's establishment⁹.
 - ii. Establish the HFU structure and ensure that appropriate capacity and expertise are available.
 - iii. Establish the Advisory Board (AB) ([see below](#)) and Review Committees ([see below](#)).
 - iv. Familiarize the humanitarian community with the processes and requirements of CBPFs. Provide coaching to prospective partners, clusters, and other stakeholders, as required.
 - v. Initiate the due diligence and capacity assessment processes adapted to the fund based on the available options ([see below](#)) described in this Handbook.
 - vi. Expedite resource mobilization ([see below](#)) activities to raise awareness and attract additional donors.
 - vii. Develop CBPF website on OCHA's corporate domain.
 - viii. Configure and activate the Grant Management System (GMS – [see below](#)) and organize necessary trainings and orientation sessions.

2.1.2 Closing a CBPF

22. The decision to close a CBPF is independently taken by the ERC or upon recommendation from the HC.

Assessment of the need to close a CBPF

23. The decision to close a CBPF should be based upon the acknowledgement that the rationale and conditions justifying its creation are no longer valid. Factors that could determine the need to close a CBPF include:
- i. Managerial and contextual:
 - The country is moving into a recovery phase and is no longer considered a humanitarian emergency.
 - The HRP or equivalent humanitarian planning framework is discontinued.
 - The OCHA Country Office is closing.
 - The HC function no longer exists.
 - ii. Financial:
 - Insufficient donor commitment.
 - Only one contributing donor for two consecutive years.
 - iii. Programmatic:
 - Fund objectives are no longer relevant.
 - The fund is systematically used for interventions not included in the HRP.
 - The fund allocation rate is low (e.g. no new projects funded for six months; allocations are not in proportion to the remaining balance in the fund).

Process to close a CBPF

24. The closure process can be initiated by the HC, OCHA Country Office or the ERC.

⁹ This is done only for newly established HFUs, forthcoming direct cost budget for HFU is approval by the HC in consultation with the AB

25. When the process is initiated by the ERC, a consultation with the HC and the Governance Board ([see below](#)) will take place.
26. When the closure process is initiated by the HC, a formal request for the closure of the fund should be sent to the ERC through the Governance Board. A detailed plan for the closure should accompany the request.
27. When an OCHA Country Office where a CBPF is active is due to close, the process for closing the Fund should be initiated at least one year before the scheduled closing date of the Office.
28. The final decision about closing a CBPF remains under the authority of the ERC. See section 2.1.2 above.
29. Once the ERC decision of closing a Fund is communicated to the HC, the HC will initiate the closure process supported by the OCHA Country Office. The HC will engage the AB ([see below](#)) to develop a formal exit strategy. Key stakeholders, including the Humanitarian Country Team (HCT), donors, partners and the Government (if relevant) will be informed.
30. The closure plan should include sufficient time to ensure proper programmatic, administrative and financial closure of all CBPF-funded projects. The plan should be communicated to all relevant stakeholders at the field level. Contributing donors are notified and all fundraising activities are discontinued. The OCHA Head of Office (HoO) should estimate and plan for any financial costs associated with closure.
31. No allocation to new projects should be made once the decision of closing a fund has been made.
32. The following steps should be followed for a timely closure process:
 - i. Determine the calendar date beyond which donor contributions will not be accepted and additional allocations by the fund will not be made.
 - ii. Plan for collecting all outstanding financial and narrative reports for CBPF-funded projects.
 - iii. Ensure that necessary audits are initiated; final reports are received, reviewed and finalized within the timeframe of the plan.
 - iv. Ensure that outstanding refunds are received from partners.
 - v. OCHA Headquarters (HQ) informs contributing donors of any remaining balances and negotiate how the funds should be used.
 - vi. The HC, with support from the OCHA Country Office (CO), prepares and submits a final report to the CBPF Governance Board. FCS ensures further dissemination to key stakeholders.

2.2 Governance

2.2.1 Global Governance

- **Emergency Relief Coordinator**

33. The ERC holds authority over and is accountable for all CBPFs. The ERC monitors the performance of each fund through FCS at Headquarters and makes decisions on their establishment, re-organization and closure.

- **CBPF Governance Board**

34. The Governance Board oversees the management of all CBPFs, providing advice to the ERC on key decisions pertaining to the CBPF. It ensures that all CBPFs are efficiently and effectively managed in compliance with existing corporate policies and standards as described in the Handbook.
35. The Governance Board provides advice on the establishment and closure of CBPFs, or when major adjustments are required for existing funds.

36. OCHA HQ/FCS acts as the Secretariat to the CBPF Governance Board and maintains information required for the Board to effectively address issues and make recommendations to the ERC. FCS is the focal point and responsible for policy, operational (both administrative and financial) and programmatic issues related to the management of CBPFs. FCS supports OCHA's Country Offices in the establishment, management and closing of CBPFs.

2.2.2 Local Governance

• Humanitarian Coordinator

37. The HC acts as the custodian of the CBPF on behalf of the ERC. The HC decides the strategy for the use of the fund, and ensures that the fund is delivering on its key objectives and is managed in accordance with this Handbook. The HC is supported by an AB which advises the HC on the allocation of funds and other strategic issues.
38. The HC's responsibilities in managing the CBPF are explicitly stated in the HC Compact with the ERC. The HC is specifically responsible for:
- i. Leading the process at country level of establishing and closing of the CBPF.
 - ii. Approval of direct cost for HFUs.
 - iii. Approving, reviewing and updating the CBPF Operational Manual that is prepared based on this Handbook. The manual outlines the fund's scope and objectives, programmatic focus, governance structures and membership, allocation modalities and processes, accountability mechanisms and operational modalities. Chairing the AB and providing strategic direction for the CBPF.
 - iv. Leading country-level resource mobilization for the fund supported by the AB, OCHA Country Office and in coordination with relevant OCHA entities at HQ.
 - v. Approving the use of and defining the strategic focus and amounts of fund allocations.
 - vi. Ensuring that the AB and strategic and technical review committee(s) function in accordance with the guidelines outlined in the Handbook.
 - vii. 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 review committee(s).
 - viii. Approving projects and initiating disbursements.
 - ix. Ensuring complementary use of CBPF funding with other funding sources, including the Central Emergency Response Fund (CERF).

• Advisory Board

Background and Purpose

39. The AB supports the HC in developing an overall strategy and overseeing the performance of the CBPF. The AB is consulted on key aspects of the management and strategic direction of the CBPF, including allocation strategies, resource mobilization and any other major decision taken by the HC related to the fund. The AB also reviews direct costs of the fund¹⁰ prior to HC approval.

Main Functions and Focus

40. The AB plays a consultative role and has responsibilities in four key areas:
- i. *Strategic focus:* The AB should support the HC in ensuring that the main objectives of the fund are met. The AB should review and advise the HC on strategic elements of the fund such as the allocation strategies, the operational manual and project selection. The scope and objectives of the CBPF, outlined in the operational manual, will be reviewed at least once a year. The AB shall

¹⁰ E.g.: annual budget of the Humanitarian Financing Unit (HFU); monitoring costs; capacity assessments (where relevant); etc.

- advise the HC in setting funding targets and support resource mobilization efforts.
- ii. *Risk Management*: The AB supports the HC and the OCHA Country Office in undertaking periodic risk analyses and reviewing a risk management plan of the fund in accordance with the Risk Management Framework (see Annex 2, Risk Management Framework).
 - iii. *Transparency of overall process*: The AB should monitor the fund processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the fund abides by established policies.
 - iv. *Review of operational activities*: The AB monitors the operational performance of the fund, providing advice to the HC.

Membership

41. The composition of the AB is determined by the HC in consultation with the HCT, contributing donors and NGOs. The AB should include an equal number of stakeholder representatives (donors, UN agencies, NGOs and OCHA). Government representation on the AB may be considered, depending on the country context. Adding AB members with observer status, including non-contributing donors, is encouraged to improve transparency of the AB decision-making process and overall coordination of humanitarian response and aid flows. AB membership should be limited to 12 representatives (excluding observers) to ensure efficient decision-making.
42. AB members are nominated by their constituencies (listed below) and endorsed by the HC. The Chair may invite additional representatives of the HCT and other stakeholders, if required.
 - i. **Chair**: The HC chairs and convenes AB meetings.
 - ii. **OCHA HoO**
 - iii. **Donors**: Contributors to CBPF. (Non-contributing donors may be included in the AB as observers.)
 - iv. **UN Agencies**
 - v. **NGOs**: National and international NGOs
 - vi. **AB Secretariat**: OCHA, through the Humanitarian Financing Unit of the Country Office.
43. AB membership should rotate on a regular basis. The HC and the OCHA HoO are the only permanent members. AB members must be at the senior leadership level (head of agency, etc.). To ensure continuity, the replacement of AB members is staggered. Board members serve as technical or strategic experts from their constituencies or stakeholder groups and do not represent the interests of their organizations or broader constituencies. Board members make a commitment to attend all meetings and to be fully engaged in all tasks required by the AB.

Frequency of Meetings

44. The AB meets at least four times a year. These meetings cover a range of the above tasks, including but not limited to endorsing budgets for the HFU, reviewing the Operational Manual, sitting to review Allocation decisions, or to discuss changes to the humanitarian context. A higher frequency and/or *ad hoc* meetings may be requested by the HC – for example when the AB is required to support or review complex allocation decisions, or to meet as the Advisory Board with visiting officials and missions.

- **Review Committees (Strategic and Technical)**

45. CBPF allocations pass through two types of project review: 1) a strategic review ([see below](#)) of project proposals in relation to the Allocation Paper determined by the HC and the AB ([see below](#)) or in relation to the fund scope and objectives as outlined in the Operational Manual, and 2) a technical review ([see below](#)) which assesses the technical soundness and quality of project proposals.
46. The strategic and technical reviews are discharged by respective review committees operating separately by sector/cluster.

47. Review committees should be established through a consultative process with a limited number of cluster members. The review committees should, to the extent possible, have different compositions for each of their functions.
48. When delivering the strategic function, the respective review committee should equitably represent the members of the cluster and be knowledgeable of humanitarian operations. When delivering the technical function, the respective review committee should be composed of a small group of technical experts to review project proposals.
49. Members of the review committee involved in the technical review should be selected based on demonstrated technical knowledge of the specific sector/cluster. A small group of experts will allow for detailed deliberation on technical aspects of project proposals. Specialized advisors should provide support and inputs to the technical review process.
50. The function of the review committees involved in 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 in which the fund operates.
51. Members of the respective review committees should be nominated from the active members of the relevant sectors/clusters. The committees should ensure an equitable representation of UN and NGOs. At all times, OCHA/HFU will take part in decision making, and support review committees in discharging their functions.

2.2.3 Management

- **OCHA Head of Office (HoO)**

52. The OCHA HoO oversees the operation of the fund to support the HC. As such, the HoO is responsible for the effective management of the fund according to CBPF Policy Instruction and the Handbook.
53. The HoO responsibilities with respect to the CBPF are to:
 - i. Support and advise the HC on strategic issues and resource mobilization.
 - ii. Supervise the OCHA Humanitarian Financing Unit (HFU) and ensure that the HFU is well integrated and coordinated with other units of the OCHA Country Office and sub-offices.
 - iii. Ensure that OCHA has the capacity to fulfil its accountability requirements, including risk management and minimum operational modalities (as described in Chapter 4).
 - iv. Promote active involvement of existing coordination structures in CBPF processes and ensure that CBPF scope and objectives (as outlined in the Operational Manual) and/or Allocation Strategy Papers are aligned with the HRP.
 - v. Approve project revisions within the scope of the delegation of authority granted by the HC ([see below](#)).
 - vi. Interface with headquarters on policy issues related to the CBPF.
 - vii. Act as a permanent member of the AB.

- **Humanitarian Financing Unit (HFU)**

54. The HFUs¹¹ responsible for the daily management of all programmatic and financial aspects of the CBPF on behalf of the HC and under the supervision of the OCHA HoO, in coordination with FCS. The OCHA HFU executes HC decisions and organizes the process of allocating funds according to the Handbook and

¹¹ Where OCHA is not managing the contracting of NGOs, it is recommended that a joint unit is created with the contracting entity. A joint HFU places all fund management functions into one unit, located in one physical space and under one leadership ensured by OCHA.

corresponding Operational Manual.

55. The HFU supports the OCHA Country Office in providing funding analysis on various aspects of the humanitarian operation. This includes support to the HRP process and processing of CERF grants. The three main functions of the HFU are summarized as follows:
- i. Management of CBPF operations and policy advice to the HC and OCHA HoO.
 - ii. CBPF Project Cycle Management.
 - iii. Implementation of the CBPF Accountability Framework including a monitoring system.

Staffing of the HFU

56. The workload of HFU is determined by several factors including: (i) the size of the fund; (ii) the number of projects funded each year; and (iii) existing coordination structures in the country. Other factors, such as the geographical size of the country, may also affect the relative workload.
57. Given the unpredictability of humanitarian operations, it is difficult to predetermine the fund management capacity needed over an extended period of time. Staffing of the HFU should be determined in proportion to requirements. This will also help to determine the seniority of staff necessary to manage the fund.
58. The following positions are considered the minimum standard to cover the three main functions of the HFU:
- i. Fund Manager
 - ii. Monitoring and Reporting Officer
 - iii. Finance Officer
59. The management cost of the HFU is a direct cost of the CBPF. Each year, the fund manager prepares a direct cost budget for the unit which is submitted for approval to the HC in consultation with the AB.

Functions of the HFU

60. *Management of CBPF operations and policy advice to the HC and OCHA HoO:*
- i. Advise the HC and OCHA HoO on fund strategies and any other policy matters related to CBPFs.
 - ii. Facilitate the development of the CBPF scope and objectives and allocation strategy papers.
 - iii. Provide oversight to the entire funding cycle from the launch of an allocation to closure of projects.
 - iv. Engage with CBPF donors and coordinate with other humanitarian donors in the country.
 - v. Draft the resource mobilization strategy and support its implementation in coordination with headquarters resource mobilization efforts.
 - vi. Support HC and HoO efforts to link the fund with the Humanitarian Programme Cycle (HPC) by promoting allocations in alignment with the HRPs.
 - vii. Support and promote partner compliance with CBPF procedures.
 - viii. Produce reports, analysis and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities. These may include funding updates, monthly reports, fact sheets, talking points, key messages, mission briefing kits (e.g. for HC donor capital visits or HQ visits to the CBPF country).
 - ix. Promote the complementary use of the CBPF with funding from other sources, in particular the CERF.
 - x. Serve as secretariat for the AB.
 - xi. Facilitate public information sharing with all stakeholders.
 - xii. Ensure governance and allocation documentation is available on relevant country page of www.unocha.org
61. *Project Cycle Management:*
- i. Facilitate and train stakeholders on the use of the Grant Management System (GMS).
 - ii. Ensure compliance with processes, systems, templates and tools for CBPF defined in the Handbook.

- iii. Provide support to all CBPF recipients throughout the allocation process and promote a feedback system for continuous learning.
- iv. Participate in decision making and facilitate activities associated with the strategic review (project prioritization).
- v. Participate in decision making and facilitate activities associated with the technical review.
- vi. Ensure follow up of fund disbursement and refunding.
- vii. Ensure narrative and financial reporting compliance.
- viii. Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extensions, etc.)
- ix. Ensure Financial Tracking Service (FTS) reporting as required (see Annex 3, FTS reporting template).

62. *Implementation of the CBPF Accountability Framework:*

- i. Support and advise the HC and OCHA HoO in the development and implementation of the Accountability Framework.
- ii. Coordinate and facilitate capacity and performance assessments, risk management, monitoring, and reporting.
- iii. Ensure compliance with the minimum requirements described in the operational modalities of the Handbook.
- iv. Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings.
- v. Prepare the CBPF annual report (see Annex 4, Annual Reports Guidance Note).

2.2.4 Stakeholders

- **Clusters**¹²

- 63. Cluster lead agencies support CBPFs at two levels: (i) at a *strategic level*, cluster leads should ensure that there are linkages between the fund, the HRP and cluster strategies; and (ii) at an *operational level*, cluster coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects and (iii) consult in revision requests.
- 64. Clusters operate according to the terms of reference agreed by the IASC and the Reference Module for Cluster Coordination at the Country Level. These documents contain few references to the operation of CBPFs, but acknowledge that inter-cluster groups have a key role to play in prioritization and in providing recommendations for resource mobilization of the humanitarian operation as a whole.
- 65. To better ensure that the funds are used coherently and effectively to support humanitarian needs identified by the HC in consultation with the inter-cluster coordination, clusters shall be involved in a number of steps in the fund programme cycle as follows:
- 66. *Application:*
 - To the extent possible, proposals should be developed with programmatic guidance from the relevant cluster coordinator(s) before the applicant submits them to the fund.
- 67. *Strategic and technical review of projects:*
 - i. Cluster coordinators ensure that the strategic review of projects is carried out as agreed.
 - ii. Cluster coordinators contribute to the technical review of project proposals.
 - iii. Cluster coordinators provide standard indicators for projects.

¹² Sectors will be used in cases where there are no clusters.

68. *Monitoring and Reporting*

- Clusters participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework endorsed by the HC in each country.

- **Partners**

69. CBPFs aspire to provide equitable opportunity to all humanitarian actors. CBPFs promote partnerships with humanitarian organizations to respond quickly and effectively to emergencies.

70. UN agencies, international and national NGOs, and organizations of the Red Cross/Red Crescent movement, can apply for and receive funding from CBPFs.

71. International and national NGOs must undergo the capacity assessment process (described in Chapter 4) to become eligible to receive funding from CBPFs. All UN agencies are eligible to receive funding.

72. In relation to the CBPFs, partners have the following responsibilities:

73. *Application:*

- Partners must familiarize themselves with CBPF processes and seek advice from the OCHA Country Office (i.e. HFU) before applying for funding.
- In close collaboration with the OCHA Country Office and clusters, the applicant partner develops and submits a project proposal and budget to the Fund (through the GMS) providing all necessary supporting documents, within the given deadlines, and in a responsive manner.

74. *Implementation:*

- After the approval process, the partner signs a grant agreement¹³ which specifies the terms and conditions applicable to the approved project. Partners commit to comply with all the requirements defined in the grant agreement. Grant agreements may be modified to accommodate necessary changes in projects.

75. *Monitoring:*

- All CBPF grantees 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 OCHA Country Office, cluster coordinators and other relevant parties, as described in Chapter 4. The OCHA Country Office and headquarters reserve the right to organize visits with partners, external experts or donors to review completed or ongoing project activities.

76. *Reporting:*

- The partner shall provide narrative and financial reports in line with the reporting requirements stipulated in the grant agreement or otherwise agreed in the accountability framework of the fund. In addition, any constraints (e.g. financial, logistical, security) that will lead to significant changes to the project must be communicated to the HC and/or OCHA immediately.

2.3 Resource mobilization

77. The HC is responsible for setting and reviewing the funding target for the fund with support from the OCHA Country Office and advice from the Advisory Board.

78. By 2018, funding targets should be set at 15 per cent of the requirements of corresponding HRPs. This is

¹³ For funds managed with the support of the United Nations Development Programme (UNDP) Multi Partner Trust Funds Office, UN agencies have already signed an MoU with UNDP and only have to sign a project document.

in accordance with the Secretary-General's Agenda for Humanity which calls on donors to increase the portion of funding channelled through CBPFs to that level.

79. Targets should be set and communicated in a timely fashion to ensure donors have ample time to include the requirements in their funding decisions. HCs should also consider timing of broader resource mobilization efforts in the context of HRPs and, explore preliminary donors' interest to contribute, and factor in any other available sources of funding and/or humanitarian financing mechanisms.
80. The Country Office, on behalf of the HC, will engage the OCHA Partnerships and Resource Mobilization Branch (PRMB) in this exercise as needed, and ensure that PRMB is informed of the fundraising target before it is formally communicated to the donor community. Among others, PRMB can (i) assist by reinforcing HC messaging with donor counterparts at the global level to help crystalize donor support; (ii) advise on other fundraising opportunities that might be pursued to reach the fundraising target; and (iii) give guidance from a global perspective on the best approaches to reach the fundraising target in light of trends, forecasts and priorities underpinning humanitarian financing and, in particular, donor support to other CBPFs. OCHA Heads of Offices should also align resource mobilization efforts for the funds within broader initiatives of mobilizing resources for the OCHA country offices.
81. While the funds should reach the target set at the global level of 15 per cent of the corresponding HRP requirements, there might be instances in which the specific context makes this unattainable.
82. The fundraising target becomes the nexus of all subsequent resource mobilization efforts for the fund, which should be outlined in the fund's resource mobilization strategy.
83. The resource mobilization strategy will be developed by the Country Office to provide systematic support to the HC in leveraging, maintaining and securing sufficient and predictable contributions to the fund. The resource mobilization strategy is a set of actions that can be organized and planned around the following pillars and indicative activities:
 - i. Analysis: With the fundraising target in mind for the fund, understanding and mapping donor interest, policies and priorities.
 - ii. Messaging and communication: Developing key messages for general advocacy for the fund; managing correspondence with donors to seek and maintain their support; providing guidance to donors on how to contribute.
 - iii. Donor outreach and engagement: Maintaining periodic dialogue mechanisms with donors on the Fund such as regular (i.e. quarterly) briefings; organizing field visits with donors to project sites; including the fund in Member States briefings organized at the headquarters level and participating in relevant global forums such as the Pooled Fund Working Group (PFWG) biannual meetings.
 - iv. Reporting and public information: Keeping updated with relevant information on the fund's website; producing and disseminating periodic bulletins, fact sheets or similar products of high quality that provide brief overviews and highlights of the fund, including reflections on the perspective of partners and beneficiaries about the fund's operations; producing and disseminating the fund's annual report and complying with donors' reporting requirements in general, as consigned in the contribution agreement.
84. The intent of a donor to contribute to a fund may be expressed to the HC or the OCHA Country Office at the country level or to relevant OCHA sections or officials at headquarters. It is, therefore, critical that information on potential contributions be shared in a timely manner between the field and headquarters to facilitate action and follow-up work. Specifically, PRMB will provide all substantive support and advice on the form and content of all contribution agreements before they are signed. PRMB will coordinate with FCS and any other relevant sections on this process. All pledges and contributions to CBPFs are recorded

on the relevant online platforms.

85. The OCHA Country Office will assist the HC as required on all tasks related to resource mobilization for the Fund, including the preparation of all documents and material, and facilitating the development and implementation of the resource mobilization strategy.
86. FCS will complement the resource mobilization efforts of OCHA country offices corporate-level communications and public advocacy in support of CBPFs.

3. Allocation modalities

87. CBPFs provide the HC with two modalities to allocate funds: 1) the standard allocation, and 2) the reserve allocation. The HC, in consultation with the AB, determines the appropriate use of the two modalities given the context.
88. Paid contributions and commitments (i.e. contributions for which the donor has made a commitment in writing) can be programmed for allocations. Donor contributions without a commitment in writing cannot be considered available for allocation purposes.
89. The paragraphs below describe the processes and workflows of the two allocation modalities. The steps and their sequence are mandatory. Country-specific approaches can be applied within the different steps.

3.1 Standard Allocation

90. The HC uses the standard allocation process to support targeted priorities within the HRP. The process is informed by the AB and is conducted in close consultation with humanitarian partners to ensure the best possible use of resources. The process is transparent which is essential for the fund to function properly. Transparency should be interpreted as the degree to which all relevant information is communicated to key stakeholders in a timely manner and whether allocation decisions can be documented and rationalized.
91. The process of the standard allocation is executed through a number of steps which are outlined below. The standard allocation begins with an Allocation paper (see Annex 6, Allocation Paper Sample and Template). Projects funded through standard allocations should be implemented within a maximum of 12 months. Exceptions can be made by the HC when a longer duration is necessary to meet programmatic requirements. The grant ceilings are defined based on the partner risk level and project duration, as outlined in the Operational Modalities ([see below](#)).

Steps of the standard allocation process:

1. Allocation strategy development
2. Submission of project proposals
3. Strategic review
4. Preliminary approval by HC
5. Technical and financial review
6. Final approval by HC
7. Disbursement

Step 1: Allocation strategy development

92. Allocation strategies are developed based on the priorities and criteria set forth in the HRP. The HC, supported by the HFU, 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 (Annex 5, Allocation Strategy Paper Template) 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 clusters. Efforts should be made to seek complementarity with existing funding channels, including the CERF when applicable (Annex 6, CERF-CBPF complementarity guidance note). The allocation paper includes information on:

- How the allocation fits into the humanitarian context
- Allocation strategy and related priorities
- Total amount to be allocated (detailed by priority/cluster/sector/region to the extent possible)
- Criteria for project prioritization (reflected in a prioritization matrix or “scorecard”).
- Timeline

93. The allocation paper is a strategic document and should not include information on process other than the timeline. The country-specific interpretation of the workflow should be described in the CBPF country-specific Operational Manual.
94. The development of the allocation paper should be supported by OCHA (Coordination Unit and HFU). The draft produced by OCHA is reviewed by the Inter-Cluster Coordination Group (ICCG) or similar coordination groups, and presented by the HC to the AB for inputs. HFU collects inputs and finalizes the strategy (see Annex 5, Allocation Strategy Paper Template).

Step 2: Submission of project proposals

95. Eligible partners prepare project submissions that address the priorities outlined in the allocation paper. CBPFs can request project concept notes or full project proposals. The practice of using concept notes is encouraged, particularly for large allocations as it will allow for a rapid strategic review. Project concept notes (or project proposals) are submitted for consideration by the fund through the GMS (see Annexes 7, Concept Note and 8, Project Proposal templates).

Step 3: Strategic review

96. This step of the process aims at identifying and prioritizing project proposals or concept notes considered best suited to address the needs identified in the allocation paper. The pre-selection of projects is intended to stimulate efficiency and allow for a rapid process that correctly targets identified needs. The strategic review stage applies to all standard allocations regardless of whether the submission of concept notes or full proposals was requested.
97. The review committee is responsible for the strategic review and shortlisting of concept notes. Strategic review is carried out on the basis of criteria outlined in a prioritization matrix (scorecards), to be agreed before issuing the allocation paper. All CBPFs will apply standard prioritization matrixes with scoring in each of the following key areas: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination (see Annex 9, sample scorecard for project prioritization). Using globally standardized categories, specific criteria are agreed by OCHA in consultation with clusters/sectors. The same set of categories are applied by all clusters/sectors using a single scorecard for each allocation. Whilst the same scorecard categories and weightings apply across all CBPFs, the specific criteria and/or subsidiary questions must be reviewed before each allocation.

Step 4: Preliminary approval by the HC

98. The list of shortlisted priority projects should be presented to the AB to allow AB members to raise any critical concerns, questions, or alerts concerning risks and provide feedback. Countries may identify different consultative modalities for the submission of projects to the HC, ensuring a sufficient degree of inclusiveness and transparency. The chosen modality should be outlined in the country-specific Operational Manual. The following modalities can be considered:
- (Recommended): An AB meeting is called, where cluster coordinators present the portfolio (or summary) of proposed projects prioritized by Cluster(s) SRCs to the HC and the AB. The

presentation summarizes the expected outcomes/results of the recommended projects including the link to the priorities outlined in the allocation paper for the HC's and AB's consideration and comparison to the initial Allocation Strategy.

- A list of projects, vetted by SRC, is submitted by the HFU for consideration and approval to the HC. The AB is consulted remotely and the HC makes the final decision.

99. Once the HC approves the shortlisted projects, partners will be informed and technical and financial review will commence. If concept notes were used for the strategic review, partners will have to submit full project proposals for the technical review.

Step 5: Technical and financial review

100. The objective of the technical review process is to ensure that proposals are of the highest possible quality before final approval by the HC. The review committees are comprised of groups of technical experts, per sector/cluster, that review project proposals according to their technical merit and the appropriateness of budget provisions. Sufficient time and effort has to be dedicated to ensure that substandard projects are improved or rejected.
101. The technical review stage also includes financial review by OCHA Finance (OCHA HFU and OCHA HQ/FCS)¹⁴. The financial review is part of the technical review, so that programmatic and financial feedback can be compiled by the HFU and shared with the applicant jointly.
102. The technical review process involves two-way communication between the review committee and the proposing organization. partners will be able to re-submit project proposals at the most two times upon receiving written comments through the technical review process. If not feasible to arrange a meeting to conduct the technical review, other options may be considered as long as the quality of the process is maintained. The Operational Manual of the fund will provide the necessary details of the type of chosen process.
103. The scoring system for the technical review is embedded in the GMS which allows for tracking of the process until final technical clearance.

Step 6: Final approval by HC

104. If the technical review recommends a project, the HC will officially approve it. The HFU will facilitate the finalization of the contractual arrangements and the AB is informed that the project has been approved.
105. The HFU will liaise with the partner to determine the start date of the project. The agreed upon start date will be included in the grant agreement (Annex B). The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the grant agreement occurs after the agreed upon start date in Annex B, the date of the signature of the grant agreement takes precedence. The HC can then sign the grant agreement¹⁵.
106. Upon signature by the HC, the HFU notifies the partner that the project has been approved, and sends the agreement for counter-signature. Once the partner has countersigned, the agreement will be sent to OCHA FCS Finance and Administration Unit in New York for the final signature. Expenditure and obligations are eligible from the date of signature of the Agreement by the HC and the partner.
107. Consolidated information on allocation decisions is made available to all stakeholders.

¹⁴ Or the relevant NGO contracting entity

¹⁵ For those funds where OCHA is not managing the contracting of NGOs, the approval process may differ. The HC can sign the list of projects with UN agency implementing projects. The HC can then notify the partners' contracting entity, which can then sign the contracts with the partners.

Step 7: Disbursement¹⁶:

108. Following the signature of the grant agreement by all parties (the last signatory being the holder of the delegation of authority in OCHA HQ), funds are disbursed within 10 working days.

Standard Allocation Workflow	
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 ICCG.
1.2	Allocation Strategy Paper review by OCHA HQ/FCS
1.3	HC review and AB endorsement of strategy
1.4	HFU launches allocation on behalf of HC
Step 2: Submission of project proposals	
2.1	Eligible partners submit proposals through the GMS
2.2	Proposal (s) are vetted by HFU (eligibility of partner, template/criteria compliance, duplication of proposals, etc.)
Step 3: Strategic review	
3.1	Cluster Strategic Review Committees (SRCs) use GMS-based unified allocation scorecard for projects in their respective clusters/sectors
Step 4: Preliminary approval by HC	
4.1	HFU prepares SRC recommendations for AB review remotely or via AB meeting
4.2	Recommended projects are submitted to HC for pre-approval. AB may feedback to HC/HFU at meeting or via email (at discretion of HC)
Step 5: Technical and financial review	
5.1	Partners are informed of HC pre-approval or rejection
5.2	Cluster Technical Review Committees (TRCs), OCHA HQ/FCS , HFU and gender/protection advisor(s) conduct technical and financial review of pre-approved projects
5.3	HFU shares consolidated budget and technical feedback shared with partner
5.4	Proposal revised - if the project does not meet quality standards thereafter, it is rejected (maximum of 3 rounds of revisions recommended)
Step 6: Final approval by HC	
6.1	HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner
6.2	HC approves project and signs Grant Agreement
6.3	Partner counter-signs Grant Agreement
6.4	OCHA HQ/EO signs Grant Agreement which is uploaded as final in GMS
Step 7: Disbursement	
7.1	OCHA HQ/FCS actions disbursement

3.2 Reserve Allocation

109. The reserve allocation is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies, or contextually relevant needs. The reserve allocation process is significantly quicker and lighter than the standard allocation process.
110. The fund is normally active and open to project proposals based on discussions between the HFU and eligible partners. Reserve allocations require a strategy/case for funding which may of course be limited in scope and criteria when compared to Standard Allocations in order to ensure a rapid and flexible disbursement schedule. When reserve allocations expect to receive more than one proposal, or when the

¹⁶ For those funds where OCHA is not managing the contracting of NGOs, the disbursement process and the time of disbursement may differ.

HC has called for a limited competitive process, the Reserve Allocation proposals should undergo a competitive prioritization¹⁷ process through the use of scorecards in the GMS.¹⁸

111. It is up to the HC to activate the reserve allocation to respond to emergency and/or unforeseen needs. In such cases, the HC maintains a certain amount of available funding for the reserve. No specific percentage is recommended, and the general principle should be that any funding that is not programmed through standard allocations could be allocated through the reserve in case of need. The decision to accept project proposals from the reserve rests with the HC. If addressing emergency needs, the AB will be consulted and decision of the HC will be made with 48 hours. The HC, under exceptional circumstances, can approve reserve allocations and notify the AB post factum.
112. The process of the reserve allocation is executed through a number of steps which are outlined below. Projects funded through reserve allocation should be implemented within a maximum of 12 months. Exceptions to this timeframe can be made by the HC based on prevailing circumstances. The grant ceilings are defined based on the partner risk level and project duration, as outlined by the Operational Modalities (see Chapter 4). The recommended minimum limit for reserve projects is US\$100,000, with exceptions to be determined by the HC.

Steps of the reserve allocation process:

1. Allocation strategy development
2. Submission of project proposal
3. Strategic review
4. Technical and financial review (may be combined with step 3)
5. Final approval by HC
6. Disbursement

Step 1: Allocation strategy development

113. OCHA prepares Allocation Strategy Paper (strategic priorities, criteria, process and timeline) in consultation with the Inter-Cluster Coordinators. For Reserve Allocations an email communication may be used in lieu of a full Allocation Strategy Paper.

Step 2: Submission of project proposals

114. Eligible partners can prepare project submissions that address the priorities outlined in the Allocation Strategy Paper and the Fund's Operational Manual. These take the priorities of the HRP as the starting point and identify priority sectors/geographical locations/target populations that the fund will support. The Strategy Paper should also outline other criteria that will be used to select projects for funding.
115. Project proposals can be submitted only when the HC activates the reserve allocation. Partners are required to submit full project proposals.

Step 3: Strategic review

116. The proposal is shared with the relevant SRC who reviews it in collaboration with the HFU to ensure that it is in line with the HRP and the cluster strategy and objectives. The strategic review is carried out by the cluster review committees, on the basis of criteria outlined in a prioritization matrix, to be developed at the same time as the fund's Operational Manual, and reviewed on a regular basis in line with changes in the fund's programmatic priorities. All CBPFs will apply prioritization matrices with standard scoring in each of the following key areas: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination (see Annex 9, Sample scorecards for

¹⁷ Prioritization process may be truncated based on expedited reserve allocation timeline

¹⁸ Prioritization whenever possible will allow the maintenance of quantified scoring in order to explain rejected proposals to prospective partners and promote transparency. While prioritization is obviously not necessary in Reserve Allocations, where the HC directs funding to select partners, competitive, transparent processes should be promoted whenever possible and a simple Reserve Allocation scorecard preferred (see para 114).

project prioritization). Within each standard category, specific criteria will be defined by clusters/sectors in agreement with OCHA. The same set of criteria will be applied by all clusters/sectors.

117. If the project is determined to warrant a Reserve allocation and be strategically relevant by the cluster review committee, the project will be submitted for technical and financial review and the partner duly informed. The project will be shared with the relevant cluster review committee and OCHA HQ, and the technical and financial review will commence. The strategic review process may be combined with technical review step below.

Step 4: Technical and financial review

118. The objective of the technical review process remains the same as for the standard allocation⁴ with the only difference being that the timeliness of the exercise is normally a critical element of the process.
119. The technical review of the reserve allocation maintains the two-way communication between the review committee and the proposing organization to ensure the improvement of projects. It should be possible for partners to re-submit project proposals at least twice upon receiving written comments following technical review. If not feasible to arrange a meeting to conduct the technical review, other options may be considered as long as the quality of the process is maintained. The Operational Manual of the fund will provide the necessary details of the type of process chosen.

Step 5: Final approval by HC

120. Following the clearance of the technical review process the HC will officially approve the project. The HFU will facilitate the finalization of the contractual arrangements. The AB will be informed that the project has been approved. If the AB does not object within the given timeframe (24-48 hours), the proposal is considered approved. If the AB objects, the HC will have to take the final decision. The HC has the power to overrule the advice of the AB.
121. The HFU will liaise with the implementing partner to determine the start date of the project. The agreed upon start date will be included in the grant agreement (Annex B). The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the grant agreement occurs after the agreed upon start date in Annex B, the date of the signature of the grant agreement takes precedence. The HC can then sign the grant agreement¹⁹.
122. Upon HC's signature, the HFU notifies the partner that the project has been approved, and sends the agreement for counter signature. Once the partner has countersigned, the agreement will be sent to OCHA HQ/FCS for the final signature. Eligibility of expenditures will be determined by the date of partner signature of the grant agreement.
123. Information on the allocation decision will be made available to all stakeholders.

Step 6: Disbursement²⁰

124. Following the signature of the grant agreement by all parties (the last signatory being the holder of the delegation of authority in OCHA HQ), funds will be disbursed within 10 working days.

¹⁹ For those funds where OCHA is not managing the contracting of NGOs, the approval process may differ. The HC can sign the list of projects with the implementing UN agency. The HC can then notify the implementing partners' contracting entity, which can then sign the contracts with the implementing partners.

²⁰ For those funds where OCHA is not directly transferring funds to implementing partners, the disbursement process and the time of disbursement may differ and will be clarified in the country specific operational manuals.

Reserve Allocation Workflow	
Step 1: Allocation strategy development	
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 ICCG. Reserve Allocations may choose to use email communication may be used in lieu of a full Allocation Strategy Paper.
1.2	Allocation Strategy Paper review by OCHA HQ/FCS if time allows vis-à-vis needs on the ground
1.3	HC review and AB endorsement (possibly remote in case of time issues) of strategy
1.4	HFU launches Strategy on behalf of HC (Allocation Strategy Paper or email notification)
Step 2: Project submission	
2.1	Eligible partners submit proposals
2.2	Proposal(s) are vetted by HFU (eligibility of partner, template/criteria compliance, duplication of proposals, etc.)
Step 3: Strategic review	
3.1	HFU and SRC review projects for strategic relevance using GMS-based simplified scorecard ²¹
3.2	HFU submits projects for technical review
Step 4: Technical and financial review	
4.1	TRC, OCHA HQ/FCS, HFU and gender/protection advisor(s) conduct technical and financial review
4.2	Consolidated feedback shared with partner
4.3	Proposal revised - if the project does not meet quality standards thereafter, it is rejected (maximum of 3 rounds of revisions recommended)
Step 5: HC approval	
5.1	HC approves projects
5.2	HFU notifies AB of HC-approved project portfolio and comments/concerns are relayed back to HC
5.3	HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner
5.4	HC signs Grant Agreement
5.5	Partner counter-signs Grant Agreement
5.6	OCHA HQ/EO signs Grant Agreement which is uploaded as final in Grant Management System
Step 6: Disbursement	
6.1	OCHA HQ/FCS actions disbursement

3.3 Grant Management System

125. The GMS is a web-based platform that supports the management of the entire grant lifecycle for all Country-Based Pooled Funds (CBPFs). It is a mandatory tool for CBPFs and a fundamental management instrument for OCHA's fund managers. The GMS promotes efficiency, effectiveness and supports risk management. GMS harmonizes business processes while catering to the special needs of each fund. The system strengthens OCHA's data analysis and information management capacity.
126. The GMS streamlines allocations and facilitates interaction among all stakeholders involved in the grant management process, supporting them in discharging their functions. GMS allows grant recipients to submit project proposals online. Financial and narrative reporting can therefore be done in real time, together with any project revisions. The system provides for real time tracking of processes, tasks, reminders and feedback.
127. The GMS is a robust mechanism allowing fund managers to oversee and monitor business processes. The system is integrated with other relevant online systems, including OCHA Contribution Tracking System, OCHA Financial Tracking Service, and other databases as necessary. This real time access to data allows OCHA to quickly provide information and analysis on questions raised both at the field and

²¹ This step may be combined with step 1.3 (strategic review)

headquarters level.

128. The GMS strengthens OCHA capacity to effectively implement a risk-based management approach. The system supports fund managers in the implementation of due diligence processes and agreed upon control mechanisms.
129. The GMS also allows for proper monitoring and accounting of fund management performance. The system monitors the speed and the quality of different processes, including allocations, disbursement of funds, monitoring, reporting and audits.
130. The GMS' Business Intelligence modules are publicly accessible and will provide real time data, including commitments, contributions, allocations, recipient partners, geographical coverage, and funding distribution among clusters.

4. Accountability and operational modalities

4.1 What does accountability mean in the context of CBPFs?

131. There are two types of accountability that articulate what the main stakeholders involved in CBPF processes are responsible for and should be held accountable for. This essentially relates to what the HC (and OCHA in its supporting function) and partners are respectively accountable for:
 - **CBPF Management:** Accountability relates to the ability of CBPFs to achieve their objectives as humanitarian financing mechanisms. This is captured in figure 1 in the CBPF Policy Instruction. The HC 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.
 - **Partners:** Accountability relates to the ability of individual organizations receiving CBPF funding to achieve expected project results. This means that partners are ultimately responsible for project activities, project outputs and for reporting accurately on results.
132. Accountable use of CBPF resources is ascertained through a set of different components which forms an accountability framework. The framework enables the HC, designated by the ERC, to ensure that: (i) partners are delivering intended programmatic results; (ii) CBPFs are managed responsibly and according to established policies; and ultimately (iii) that CBPFs are achieving their main objectives. The components are:
 - i. Risk management
 - ii. Partner capacity and performance assessment and partner risk rating
 - iii. Reporting (financial and programmatic)
 - iv. Project monitoring and financial spot-checks
 - v. Audits (project level)
 - vi. Evaluation of CBPFs
133. All CBPFs are required to develop a fund-specific accountability framework that incorporates these six components. The accountability framework takes the risk-based approach to grant management as its starting point and should be tailored around country-specific aspects and needs for accountability. The accountability framework is required to be in place prior to the first allocation after a new CBPF has been established. The importance of the accountability framework cannot be overstated as it provides the necessary conditions for ensuring accountability to CBPF donors and beneficiaries by demonstrating results and enabling continuous learning for improvement of practices through systematic feedback mechanisms.

134. The HC, through the HFU, will take progressive actions to address non-compliance with any requirement stemming from the accountability framework or the relevant contractual agreements. All CBPFs should establish formal mechanisms (e.g. facilitated by an email address for complaints) to allow stakeholders to express concerns about the conduct of CBPF processes or decisions. The specific procedures will be developed at the country level.

4.2 Risk management

Rationale for risk management in the context of CBPFs

135. Risk management has become increasingly recognized as an important tool across the UN system, including within OCHA, leading to several initiatives to better manage risks.
136. In the case of CBPFs, the rationale for putting in place a risk management framework is to assist OCHA and the HCs in making strategic decisions that maximize the ability of CBPFs to achieve their objectives. OCHA's corporate risk registry includes pooled fund management as a key risk to the organization. Effective management of risk in CBPFs is, therefore, a corporate priority for OCHA.

What does risk management mean in the context of CBPFs?

137. At the fund level, risk management aims at providing a specific set of tools for the decision making process to support the achievement of strategic outcomes in a transparent manner. Risk management includes risk identification, risk analysis and the development of mitigation strategies to manage residual risks. Partner risk management is concerned with tailoring grant management procedures according to the capacity and performance of partners. Funding decisions should take into account risk analysis at both levels suggesting the appropriate assurance mechanisms.
138. Each CBPF develops a Risk Management Framework at the fund level that identifies key risks that may prevent the CBPF from attaining its objectives and/or lead to reputational risks. (Annex 2, Risk Management Framework). This is a management tool which enables the HC, supported by the AB, to ensure strategic decision making and guarantee that the CBPF remains relevant in the context in which it is operating. The framework should consolidate all activities and functions that mitigate key risks under one umbrella. Identified risks are analyzed and categorized in terms of severity according to relative likelihood and potential impact on fund objectives. The risk analysis should clearly spell out residual risks to enable informed decision-making based on an understanding of potential consequences. Identified risks and associated mitigation strategies are periodically reviewed and monitored by the HC in consultation with the AB.
139. At the partner level, each CBPF is required to assess the capacity of each NGO implementing partner that seeks funding to determine eligibility. Eligible NGOs 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 capacity as partners can migrate to lower risk levels through good performance and by addressing capacity weaknesses.
140. The combination of the fund level and partner level risk should inform funding decisions, determine applicable assurances and spell out residual risk. Overall risk pertaining to a specific project should be determined by the partners' level of risk combined with other contextual and operational factors. This could include the type of funded activity and the location/area in which the project is implemented. Country specific factors, beyond partner risk level should be part of the risk management framework and determined by the HC in consultation with AB.

Risk management, strategic objectives and program logic of CBPFs

141. The strategic direction for country-based pooled funds is anchored in the key objectives of the funds that are outlined in the corporate Policy Instruction for CBPFs. At the country level, these objectives are further operationalized and put into context in the Operational Manual (see Annex 1, CBPF Operational Manual). The fund's strategic direction as laid out in the Operational Manual is adjusted over time based on the evolution of the humanitarian context and the availability of resources.
142. Each CBPF should develop and implement a risk management framework according to these principles and a specific methodology which is detailed in Annex 2, Risk Management Framework. This Framework must be included in the Operational Manual document (not as an annex) and should be reviewed at least annually. The key steps outlined below are based on the ISO31000 international risk management standard and should guide the HFU through the process.

Risk Management Process Overview
Step 1: Establish context
Establishing the context focuses on developing a structure for the risk identification tasks to follow. This includes reviewing the context in which the fund operates, including OCHA priorities, security, coordination mechanisms, programmatic priorities, etc.
Step 2: Risk identification
Identifying risks associated with the fund in the country of operation (what incidents can occur and why the incident could occur).
Step 3: Risk analysis
The likelihood and magnitude of the risks - categorization of risk in terms of their likelihood and consequence (this is typically done in a heat-map).
Step 4: Risk evaluation
Strategies for pre-empting and treating the occurrence of a risk (options to reduce likelihood or alternatives to treat risk if it occurs).
Step 5: Risk treatment²²
This should detail responsibility for managing a risk (what specific stakeholder should take action to avoid or treat risk).
Step 6: Monitor and Continuous review of risks identified and identification of new risks as they emerge.
Continuous review of risks identified and identification of new risks as they emerge (at least annually).

4.3 Risk-based grant management

143. An essential component of the CBPF accountability framework is the analysis of the risk that is present when disbursing funds to each partner. Partner risk analysis is carried out by analyzing partner capacity which determines eligibility. Eligible partners are rated according to risk based on assessed capacity. The risk level is translated into minimum control mechanisms (operational modalities) applicable to the grants issued to the partner. Over time, as partners receives funding and implements projects, risk ratings will increasingly be determined by partner performance.
144. Risk-based grant management serves three main functions. Firstly, it aims at improving the management of CBPF projects by matching grant management and oversight requirements with assessed risk. Low risk partners are subject to fewer controls. Secondly, risk-based management helps partners identify areas for improvement and provides tangible incentives for capacity building, in turn allowing for a wider range of partners, especially national NGOs, to access funds more easily.

²² Risk treatment is a risk modification process. There are several options for risk treatment, including reducing the risk, sharing the risk, removing the source of the risk, accepting the risk, perhaps even increasing the risk if the risk could become an opportunity. Once the treatment option has been implemented it becomes a control, or a modification of a control.

145. The partner-based risk analysis only applies to NGO partners. These entities are not part of the UN system and do not have the legal standing of UN agencies. UN agencies are intergovernmental organizations that are accountable to UN Member States. Each UN agency has its own governance and control framework which applies also to their management of CBPF grants.
146. Each CBPF is responsible for ensuring that a capacity assessment of each NGO partner is carried out. The assessment is aimed at determining whether the NGO has sufficient capacity in terms of institutional, managerial, financial and technical expertise. This analysis determines eligibility for CBPF funding (see Annex, 10 Eligibility, Capacity Assessment and Performance Index Documents).
147. Capacity assessments are coordinated by the OCHA Country Office. Currently, every NGO is assessed at the national level. Capacity assessments should take place before an application for funding is submitted. Ineligible partners can re-apply for capacity assessment six months after having failed, provided that they can demonstrate that the elements that caused the rejection have been addressed.
148. Eligible partners are rated as: (i) High Risk, (ii) Medium Risk, or (iii) Low Risk. Risk levels determine the minimum set of control mechanisms applied throughout the grant management cycle. As a partner implements projects, its risk level will be determined by its Performance Index (PI) score and capacity assessment score as outlined in section 4.3.2. The Operational Modalities table ([see below](#)) provides an overview of the modulation of the control mechanisms based on the three elements of partner's risk level, budget amount and project duration. The modulation of control mechanisms outlined in the Operational Modalities table represents a globally-mandatory minimum standard. Each CBPF can, in light of the country context and upon approval from the AB and the HC, include additional and/or more stringent controls.
149. The HC, in consultation with the AB, decides what the threshold for eligibility should be. The eligibility threshold can be interpreted as a measure of risk tolerance. Eligibility thresholds and risk levels may vary across countries to account for contextual differences.

4.3.1 Steps for eligibility and risk rating of NGO partners

150. The partnership between OCHA and NGOs is governed by CBPF accountability frameworks which include the following steps:

Step 1: Registration

151. Prospective partners initiate the process to become a partner and request access to Grant Management System (GMS) by contacting the HFU and submitting 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

152. 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.
153. 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 (see Annex 10.2c)

(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.

154. It is at the discretion of each CBPF to add any mandatory or optional requirements to the registration and due diligence stage. (see Annex 11.2, for an offline version of the Due Diligence documents).
155. Each CBPF can decide whether the registration and due diligence steps are open to any interested prospective partners, or strictly by invitation. This may depend upon the capacity of the HFU to review registration and due diligence applications, the number of NGOs with implementing capacity on the ground, or the stage of development of the fund (for example, a new fund may want to prioritize a few selected NGOs with proven capacity, access to prioritized locations, and/or experience in prioritized sectors).
156. 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.
157. 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

158. In order to be considered eligible for funding, NGOs must undergo a capacity assessment to determine their eligibility for funding and risk rating. One of the major pillars of the CBPF accountability framework, the objective of the capacity assessment is to systematically review the institutional, technical, management and financial capacities of the partner, and to ensure that the Fund has the necessary information to make an informed decision about eligibility and initial risk rating.
159. The HC, in consultation with the AB, is responsible for approving the way in which the Fund carries out the capacity assessment and associated costs. OCHA has a strong preference for the Internal Capacity Assessment (ICA).
160. 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)

161. Partners will be required to submit the documents listed in the ICA checklist (see Annex 10.3a) 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 (see Annex 10.1 Eligibility Process Guidance).
162. 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.
163. 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.
164. 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.
165. On conclusion of the ICA, the HFU will let the organization know if the application can proceed to the next step of the process.
166. 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 costs²³.

B) Externally-contracted Capacity Assessment (ECA) – “outsourced”

167. The ECA is the lengthiest and costliest approach to partner capacity assessments. The ECA is expected to be built upon the ICA's global questionnaire (see Annex, 11.3b, Global Questionnaire for ICA).
 - i. *Application by Partners:* CBPFs that adopt the ECA may request partners, to submit additional documents at the registration and DD stage.
 - ii. *Pre-screening by OCHA Country Office:* Once all documentation has been received from the prospective partner, the OCHA Country Office is responsible for coordinating the assessment. OCHA will carry out an initial review of all documents and will communicate to the NGO whether their request for assessment will be further considered. If the response is positive, the in-depth capacity assessment process will be outsourced.
 - iii. *ECA on behalf of OCHA Country Office:* The assessment will be carried out by an external consultant or company contracted by the OCHA Country Office. The assessment includes a desk-based review of the documents provided by the implementing partner; interviews with the organization's staff members; visits to the implementing partner's Country Office (and, where possible, to one or more field offices), and interviews with key informants such as previous/existing donors and partners, cluster leads and members, and beneficiaries of the NGO.
 - iv. *Quality assurance by OCHA Country Office:* The OCHA Country Office is responsible for supporting the coordination and ensuring the quality and accuracy of assessments carried out by third parties

²³ 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.

through thorough review.

C) Proxy Capacity Assessment (PCA)

168. Depending on the specific features and operating context of the Fund, the capacity assessment of NGO partners may have to be carried out through proxies rather than a standard capacity assessment methodologies described above.
169. A variety of different proxies can be used depending on the context of the fund and the access to different information sources. The following are some examples of information sources that can be used to ascertain the level of capacity of partners:
 - i. Past CBPF performance in the country
 - ii. Assessments carried out by other donors
 - iii. Existing partnership agreements with other UN agencies and/or bilateral donors,
 - iv. Demonstrated experience in the country
 - v. Access to priority locations
 - vi. Recommendation from clusters regarding the capacity of partners.
170. The merit of each proxy should be assessed individually in terms of how well it satisfies the information requirements contained in the ICA. The HC, in consultation with the AB, approves the methodology used for capacity assessments using proxies.
171. On an exceptional basis, particularly in time-sensitive situations PCAs may rely on existing documentation only (i.e. without new submissions from the partner). This requires AB approval following recommendation by the HC.

D) Due Diligence (DD) only; no capacity assessment

172. CBPFs operate in highly volatile environments and often respond to sudden onset emergencies. In such circumstances, there may be situations where organizations that have not been subject to a formal capacity assessment require funding in order to carry out mission-critical or life-saving activities that no other organization can perform.
173. In these exceptional cases, and in consultation with FCS and with approval of OCHA's Executive Officer (EO), a capacity assessment is not necessary (or can be carried out later). Nonetheless, it is important to ensure that minimum checks are performed in order to safeguard the accountability of the Fund.
174. In extremis, CBPFs may begin funding without a capacity assessment but must always carry out, at minimum, DD for prospective partners. CBPFs may add to these mandatory minimum standards by adding additional requirements, if that is possible given the specific country context.

Step 4 - Risk Rating

175. Based on the score obtained during the capacity assessment, eligible partners will be categorized in three risk-level categories (low, medium and high). The HC, in consultation with the AB, sets the threshold for eligibility as well as score bands of each risk level. The score, and resulting risk level will determine the operational modalities and control mechanisms that are applicable as defined in the Fund's Accountability Framework. These include disbursement modalities, frequency of narrative and financial reporting, and planning for monitoring visits and spot checks, in accordance with the various risk levels, as well as with the duration and budget of the project.
176. Partner capacity assessments reflect the capacity of a partner at one particular point in time. As a partner implements projects, OCHA 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.
177. Partners who do not qualify and are considered ineligible would be given another opportunity to submit required documents for a Capacity Assessment to the HFU after 6 months, provided that they can

demonstrate that the elements that caused the rejection have been addressed.

4.3.2 Performance Index

178. 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.
179. 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; (see Annex 10.4, Performance Index Tool). The scores assigned to each project on the above categories will be summarized in a Performance Index (PI).
180. 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. In order to reward sound project implementation, the score from PI will progressively be given more weight and the capacity assessment score will become less significant as partners implement more projects. (see Annex 10.4, Performance Index Tool, tab 2 - PI and Capacity Assessment).
181. The partners' scores on the most recent projects will be considered the most important and given the most weight in calculating the overall risk rating score. The calculation and relative weighting of project scores and the original capacity assessment is explained in Annex 10.4, Performance Index Tool, tab 2 - PPI and Capacity Assessment. The scoring and the weighting are standardized across funds and the GMS will make the calculations.
182. 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. Please note GMS will not automatically revise the risk level of a partner. Following the GMS notification the Fund Manager should notify the partner about the adjustment and adjust the risk level manually.
183. Eligible partners that have not implemented CBPF-funded projects for more than three consecutive years will be required to undergo a new capacity assessment.
184. 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.
185. 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.

4.4 Operational modalities for NGOs

186. The risk rating of NGO partners has a direct impact on how each CBPF grant is managed and how accountability is exercised in practice through partner risk rating. The assurance mechanisms that are used to manage grants vary depending on three factors:
 - i. Partner risk level
 - ii. Value of the project
 - iii. Duration of the project

187. These “operational modalities” are applied by OCHA as a minimum standard for CBPFs, and consist of adjusting the following elements:
- i. Disbursement policy (i.e. number and percentage of disbursements)
 - ii. Funding ceiling
 - iii. Field monitoring visits
 - iv. Financial spot checks
 - v. Narrative reporting requirements
 - vi. Financial reporting requirements
 - vii. Project audit
188. The operational modalities in the table below set a minimum standard²⁴:
189. The combination of partner risk level, duration and project budget determine the operational modalities applicable to each grant. More specifically:
- i. *Disbursements*: The implementing partner will receive a first instalment at the beginning of the project and will be entitled to request the next disbursement(s), by submitting a financial statement, as soon as the implementing partner has spent 70 per cent of the funds previously received.
 - ii. *Fund ceiling*: This determines the maximum amount that a partner can receive per project.²⁵
 - iii. *Financial reporting*:
 - a) Partners will submit financial statements when requesting the next disbursement.
 - b) All partners will have to submit a report by the dates specified in the Grant Agreement.
 - c) All partners will submit a financial statement within two months of the end of the project.
 - iv. *Audits*: partners will be audited according to the audit plan established by headquarters in coordination with the OCHA Country Office²⁶.
 - v. *Narrative reporting*: Type (progress, final) and schedule of narrative reports will be determined based on the risk level of the partner, the duration and the size of the project.
 - vi. *Financial spot check*: These checks assess the soundness of internal controls and the accuracy of the financial records for cash transfers of partners. Financial spot checks are determined on the basis of partner risk level.

²⁵ Ceiling for high-risk partners can be optionally introduced in-country.

²⁶ OCHA is currently developing the guidance for partner-based audits. For the time being every NGO project funded by OCHA will be subject to an audit.

Operational Modalities

Risk level	Project duration (months)	Project value (thousand USD)	Maximum amount per project (thousand USD)	Disbursements (in % of total)	Financial reporting			Narrative reporting		Monitoring		Audit
					For disbursements	31-Jan	Final	Progress	Final	Project monitoring	Financial spot-check	
NGOs												
High	< 7	< 250	-	60-40	Yes	Yes	Yes	1 mid	Yes	1	1	As per plan
		> 250	500	50-50	Yes	Yes	Yes	1 mid	Yes	1	1	
	7 - 12	< 250	-	40-40-20	Yes	Yes	Yes	2	Yes	1	1	
		> 250	800	40-30-30	Yes	Yes	Yes	2 - 3*	Yes	1-2**	1	
Medium	< 7	< 250	-	100	-	Yes	Yes	1 mid	Yes	-	-	
		> 250	700	80-20	Yes	Yes	Yes	1 mid	Yes	1	-	
	7 - 12	< 250	-	80-20	Yes	Yes	Yes	1 mid	Yes	0-1**	-	
		> 250	1,200	60-40	Yes	Yes	Yes	1 mid	Yes	1	0-1	
Low	< 7	< 400	-	100	-	Yes	Yes	-	Yes	-	-	
		> 400	-	80-20	Yes	Yes	Yes	-	Yes	-	-	
	7 - 12	< 400	-	100	-	Yes	Yes	1 mid	Yes	-	-	
		> 400	-	80-20	Yes	Yes	Yes	1 mid	Yes	1	1 / partner	
UN Agencies												
N/A	< 7	-	-	100	-	Yes	Yes	-	Yes	Op. Manual***	-	No
	7 - 12	-	-	100	-	Yes	Yes	1 mid	Yes	Op. Manual***	-	
<p>* Three progress reports are only required for projects of 10 months or more.</p> <p>** Additional field visits are only required for projects of 10 months or more.</p> <p>*** Monitoring arrangements for projects implemented by UN agencies will be determined at the country level according to specific agreements outlined by the HC and the AB. Monitoring of UN agency projects is mandatory and should be based on a sampling methodology considering country-specific factors as required (see 4.5 Monitoring).</p>												

190. In line with the operational modalities described above, the number and percentage of each disbursement, as well as the narrative and financial reporting requirements will be clearly stipulated in the grant agreement between OCHA and the implementing partner²⁷.
191. Depending upon partner risk level and/or spot-check findings, the HFU may request for additional financial reporting. The frequency of additional reporting is based on risk level and or financial spot-check findings.
192. Under exceptional circumstances the limits on the “Maximum amount per project” and the number of “Disbursements” can be modified. Only solid programmatic reasons, duly explained and documented, can justify such exceptions. Exceptions to the operational modalities shall be submitted through OCHA HQ/FCS for approval to the EO (or a duly delegated officer).
193. In the case of projects implemented by UN agencies, 100 per cent of the approved budget will be disbursed upon signature of the grant agreement.

4.5 Monitoring

Definition of monitoring in the scope of CBPFs²⁸

194. 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.

Monitoring objectives

195. The main purpose of monitoring is to assess progress made towards set targets and to verify the accuracy of reporting submitted by partners. Building on the principles, CBPF monitoring and reporting has the following key objectives:
 - i. Verify partner progress in delivering of 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.
 - ii. 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.
 - iii. Strengthen partnership and coordination between OCHA, the partner and the local authorities, and to engage and seek feedback from affected communities.
196. The main principle for monitoring is that all recipient organizations, UN agencies and NGOs, are subject to monitoring by the fund. While requirements will not be identical, it should be recognized that the HC needs reassurance of project performance, regardless of the implementing entity.

Roles and Responsibilities

197. The HC is responsible for ensuring that a representative sample of CBPF-funded projects are effectively monitored through appropriate monitoring modalities. The OCHA HFU is further responsible for coordinating monitoring efforts and ensuring that monitoring of projects is carried out.
198. T. The HFU shall calculate the expected costs of monitoring and reporting activities based on the target and timeframe. These costs shall become part of the OCHA Country Office cost plan, and are a direct cost

²⁷ When the contracting of implementing partners is not managed by OCHA, the same provisions should be incorporated into the contractual arrangements with partners.

²⁸ As articulated by the thematic workshop “Monitoring in high risk environments” held in Beirut, June 2016 (organized by FCS and Fund Managers).

of the fund.

199. The HFU coordinates and participates in field monitoring visits and should work closely with clusters in devising procedures related to monitoring. A monitoring plan should be developed by the HFU at the time allocation decisions have been made. The monitoring plan may be adjusted depending on changes in the operational context and information gathered through reporting. The following are the key responsibilities of the HFU in terms of monitoring:
 - i. Developing and maintaining a comprehensive monitoring plan which reflects the minimum requirements of the operational modalities ([see above](#)).
 - ii. Working with cluster coordinators and co-coordinators in ensuring that monitoring is undertaken in close coordination with other cluster monitoring activities.
 - iii. Developing terms of reference and contracting external expertise for third party monitoring or remote monitoring as required.
 - iv. Undertaking field site monitoring missions in line with the monitoring plan in cooperation with OCHA sub-offices.
 - v. Reviewing and analysing information collected through monitoring activities and reporting.
200. Minimum monitoring arrangements for projects implemented by NGOs will be determined based on the risk level assigned to the partner, the duration of project activities and the size of the project budget as articulated in the operational modalities of CBPF.
201. Monitoring of UN agency projects is mandatory and should be based on a sampling methodology considering country specific factors as required, which can be determined at the country level according to specific agreements outlined by the HC and the AB. The monitoring mechanism can be tailored to the type of project to be implemented (for example: stakeholder satisfaction survey for pipeline projects).

Process and Monitoring Tools

202. Taking into consideration that partners' project management systems is the backbone of monitoring, one of the objectives of CBPF monitoring tools is to provide an additional level of verification of project results. Partners describe the tools they intend to use for project monitoring in the project proposal.
203. The monitoring plan should describe what type of monitoring tools that will be used to satisfy the minimum standards set out in the operational modalities. The following represent the most commonly used monitoring tools in CBPFs to date.
204. *Field site monitoring* - Field site monitoring, implemented by OCHA and supported by clusters, is a critical component of the overall framework in order to verify that CBPF-funded projects are delivering against targeted outputs, and to allow the HC and clusters to assess the qualitative aspects of programme implementation. As there are limitations to what can be observed through site visits, additional information will still need to be collected through other means. While field monitoring will not attempt to make evaluative assessments of projects, it will be essential to select an approach that covers issues beyond the delivery of project outputs. Field monitoring visits should, at a minimum, collect information that: (i) makes an assessment of the timeliness of the overall project implementation, (ii) verifies reported results, and (iii) assesses progress on key project activities (see Annex 11, Field monitoring template).
205. *Financial Spot Check* - 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 should be conducted based on the risk level of the partner and the operational modality of the Fund. On-site financial spot checks by HFU staff 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. It is advisable that at least one spot check per partner per year be conducted. The spot checks should be carried out in accordance with Annex 12, Financial Spot checks.
206. *Third Party Monitoring* - Third party monitoring could be considered as one of the monitoring approaches

suitable for CBPFs when access is limited in countries or regions of operation. This approach enables CBPFs to obtain independently verified information about the status of implementation of CBPF projects (mainly in high risk areas), with particular emphasis on the achievement of project outputs. The approach combines field visits and desk reviews of available fund-related documentation (e.g., project proposals and any other relevant information/documentation). The main focus of third party monitoring is to verify that contracted activities are being implemented and associated outputs are delivered.

207. *Remote Call Monitoring* - Remote call monitoring can be a cost-effective means of collecting statistics and recording observations from key informants and beneficiaries on progress made on project outputs and satisfaction. Call centers can be established in safe locations with the sole purpose to conduct telephone interviews with key informants using structured multiple choice questionnaires. All information collected can be captured directly in a web-based platform hosted by the call center operator using validation logic, thereby providing real-time progress information on projects monitored that would then be shared with HFU.
208. Remote monitoring occurs in instances when it is not feasible to conduct physical project visits. This is not uncommon as CBPFs tend to operate in insecure and highly volatile environments with restricted access. Remote monitoring only be used as a last resort in cases where there are no other options, the principle is to use enough sources of information to allow for meaningful monitoring. For those situations where it is not possible to undertake any form of monitoring (physical or remote), funding projects should be considered in light of the urgency of the needs they address. The risks involved in such a decision should be communicated to the AB.

4.6 Reporting

209. CBPFs require reporting so as to ensure that activities carried out are on track to reach proposed project objectives. To the extent possible, UN agencies and NGOs are treated equally in relation to their reporting requirements.
210. Narrative and financial reporting requirements for NGOs are determined according to the Operational Modalities described above ([see above](#)).
211. UN agencies will submit an interim financial statement to reflect expenditure incurred for project activities up to 31 December of each year by the 31 January of the following year. Interim financial statements will be submitted every calendar year until the submission of the final financial statement. Upon completion of the project a final financial statement covering the period between inception and completion of the project will be due no later than 30 June of the following year. Financial statements for UN agencies and NGOs are collected through the GMS according to the templates annexed to the Handbook (see Annex 13, Project Budget and Financial Reporting Tool).
212. UN agencies will submit a final narrative report within two months of completion of the project. If the duration of the project is between 7-12 months, UN agencies will also submit a progress narrative report to reflect achievements at midpoint of the project implementation. Narrative reports for UN agencies and NGOs will be submitted through the Grant Management System (GMS) and will follow the templates annexed to this Handbook (see Annexes 14a and 14b, Progress and Final narrative reporting templates).
213. CBPFs should promote the use of standardized output indicators for all recipient organizations (ideally as identified in the HRP, or as a minimum as agreed with sector/cluster in country). CBPFs promote the implementation of the HRP or similar country level planning framework. Reporting should therefore be linked, when possible, to the strategic objectives of the HRP.
214. Annual programmatic reports of all CBPFs are made public and available to all stakeholders. The reports should summarize (i) how the CBPF has performed in relation to its strategic objectives (including links with HRP, strengthening of HC, promoting partnership with NGOs and strengthening of coordination system); (ii) describe how funding has been allocated in relation to key humanitarian events, timeliness and transparency, and gender considerations; (iii) synthesize achievements by sector/cluster; (iii) highlight

risk management initiatives including monitoring and reporting; (iv) present challenges and (v) main priorities for next year. Annual reports should include information about allocations and projects funded in the previous calendar year but because projects may overlap calendar years, activities and achievements from different allocation years may be included (see Annex 4, Guidance Note Annual Reports).

4.7 Evaluations of CBPFs

215. Evaluations are an important component of the accountability framework as they enable independent (external) assessments of CBPFs at the fund level as well as the CBPF mechanism at a global level. The next global external evaluation will take place in 2018 and will collectively assess all active CBPFs. The external evaluation will focus on how CBPFs have performed as humanitarian funding mechanisms as assessed against the main objectives. Specific evaluation questions and methodologies and a list of countries to be visited will be developed as part of the process of conducting the evaluation. The evaluation will also consider the timing and scope of the next evaluation.
216. External evaluations of CBPFs are not inter-agency mandated and are considered internal OCHA evaluations that are managed by OCHA in agreement with CBPFs donors. Ad hoc reviews of specific aspects of CBPF performance can be considered beyond the mandatory global evaluation. Such reviews should be planned and carried out in close consultation between the HC, the AB and OCHA at the country level and be subject to clearance from OCHA HQ/FCS.

4.8 Audit

217. UN agencies are subject to internal oversight audit systems and other mechanisms established by their respective governing bodies.
218. NGO partners receiving funds from CBPF are subject to external audit by the Fund.
219. The external audit is an oversight mechanism and an essential component of the accountability framework. It enhances the transparency and sound financial management of resources allocated through CBPFs. More information on audit process including the timeline for performing audits is detailed in the audit process (5.4) and project closure section (5.3.4).
220. 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.
221. External audit findings provide essential feedback to the partner and the system, promoting continuous improvement of NGO financial and operational management and performance, and enabling the HC to make better informed funding decisions.
222. OCHA will develop a risk-based approach to audits which will replace the current project-based approach. The risk-based approach will set the criteria to prioritize which partners will be audited on the basis of partner risk level and financial volumes transferred to NGOs.
223. Internal oversight bodies (OIOS - Office of Internal Oversight Services and the BOA - Board of Auditors) regularly audit OCHA operations. Audits performed by these entities are subject to the single audit principle. The BoA, comprising Auditors-Generals of three Member States, provides external audit services for the United Nations and its funds and programmes with the exception of the World Food Programme (WFP), which has its own external auditor.

4.9 Compliance measures

224. Through the aforementioned accountability mechanisms, the HC will aim to safeguard programmatic and financial management of CBPFs. 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 conduct²⁹.
 - vi. Indication of possible fraud, corruption or misuse of funds.

OIOS performs internal audits of OCHA, and adheres to the single audit principle, whereby it cannot audit UN funds and programs which have their own internal audit function. OIOS and BoA audits regularly cover OCHA management of pooled funds, and consider whether procedures for management of CBPFs are appropriate. These audits cover all parts of the CBPFs (ABs, allocations, risk management, etc.), look at compliance with rules and guidelines and are publicly available.³⁰

225. When a partner does not comply with the requirements described in this handbook and reflected in the contractual agreement or violates any other obligations stemming from the contractual agreement OCHA will progressively take corrective actions commonly referred to as compliance measures (Annex 15, Compliance Measures). In line with the single audit principle, donors and member states should not carry out additional audits and should respect the single audit principle to avoid duplication of efforts, minimize disruption and costs to all parties and conflicting recommendations that could result in widespread confusion and misunderstanding of CBPF operations.
226. The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework described above or in relevant contractual agreements, the HC, through OCHA, will take progressive actions to address the partners' behaviour. Solutions will be pursued as and when deemed appropriate by OCHA.

5. Administration of CBPFs

5.1 Basic definitions and guidance on the project budget preparation process

227. This guideline provides partners with a common framework to facilitate appropriate preparation of project budgets. It focuses on defining eligible and ineligible costs, direct and indirect costs (e.g. Programme Support Costs – PSC), shared costs, budget categories and the adequate breakdown of budget lines. This guidance applies to all partners.

5.1.1 Rationale and Basic Principles of the Project Budget

228. A clear segregation of duties underpins the preparation, review and clearance of the project budget. This is critical to preserve the country-driven nature of CBPFs and necessary to ensure central and internal controls to reduce the risk of approving erroneous or inappropriate project budgets (e.g. miscalculations,

²⁹ See [GA Res 46/182](#) and <https://cdu.unlb.org/UNStandardsOfConduct/CodeofConduct.aspx>
<https://oios.un.org/page?slug=report>

inconsistency, and lack of transparency or admission of ineligible costs). In this regard, fund managers in the field, certifying finance officers at headquarters, and partners have specific roles and responsibilities, as follows:

229. Fund managers are responsible to ensure that:
 - i. The principles of economy, efficiency, effectiveness, transparency and accountability are adhered to in the sense that the project budget inputs are commensurate with the planned activities and the expected outputs, more specifically, that the project budget is a correct, fair and reasonable reflection of the project proposal/logical framework
 - ii. The cost estimates are reasonable in the specific country context so that funding will be used in the most efficient way.
230. The role of certifying finance officers in headquarters is to:
 - i. Verify the budget's factual correctness, checking coherence with the project proposal and logical framework.
 - ii. Flag concerns and seek clarification from fund managers on issues that may compromise compliance with UN rules and affect financial transparency and accountability.
231. In the budgeting process, partners are expected to:
 - i. Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project.
 - ii. Use and comply with the budget template (Annex 13 a and b: Project Budget and Financial Reporting Tool) and guidance provided by OCHA for the classification and itemization of planned costs.
 - iii. Provide a budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of every budget line. For example, shared costs, expensive assets, and costs/equipment required to support the regular operation of the partner, are clear cases that require a budget narrative.

5.1.2 Eligible and Ineligible costs

- Eligible costs

232. The following attributes define the nature of eligible costs:
 - i. Must be necessary and reasonable for the delivery of the objectives of the project.
 - ii. Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
 - iii. Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.
233. These may include:
 - i. All staff costs (including salaries, social security contributions, medical insurance, hazard pay (when applicable) and any other cost included as part of the salary benefits package of the organization. Salaries and costs may not exceed the costs normally borne by the partner in other projects.
 - ii. Costs for consultancies involved in the implementation of the project.
 - iii. Support staff costs at country-level directly related to the project.
 - iv. Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel that may also be eligible, provided the costs do not exceed those normally borne by the partner.
 - v. A contribution to the partner's Country Office costs, as shared costs charged on the basis of a well explained calculation and reasonable allocation system. Shared costs must be itemized.
 - vi. The financial support to beneficiaries, including cash and voucher-based distribution.
 - vii. Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage and distribution costs.
 - viii. Costs related to non-expendable items (assets) such as equipment, information and technology

equipment for registration and similar field activities, medical equipment, water pumps and generators.

- ix. Expenditure incurred by the partner related to awarding contracts required for the implementation of the project, such as expenses for the tendering process.
- x. Costs incurred by sub-implementing partners, directly attributable to the implementation of the project.
- xi. Other costs derived directly from the requirements of the grant agreement such as monitoring, reporting, evaluation, dissemination of information, translation and insurance, including financial service costs (in particular bank fees for transfers).

- Ineligible costs

234. The following costs are ineligible:

- 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 implementing partner to any third party.
- v. Items already financed from other sources.
- vi. Purchases of land or buildings.
- vii. Currency exchange losses.
- viii. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.
- ix. Government staff salaries.
- x. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).
- xi. Incentives, mark-ups, gifts to staff.
- xii. Fines and penalties.
- xiii. Duties, charges, taxes (including VAT) recoverable by the implementing partner.
- xiv. Global evaluation of programmes.
- xv. Audit fees/system audit fees – these costs are paid directly by the fund³¹.

- Other Types of costs

235. On a case-by-case basis and depending on the objectives of the fund, the fund manager retains the flexibility to consider the following costs as eligible:

- i. Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives.
- ii. Visibility material of the implementing partner directly related to projects funded by CBPFs.
- iii. International travel costs when directly linked to the delivery of the project objectives. When international travel costs are requested to support additional activities outside those of the project, such costs can only be considered if they are well justified and in the proportion attributable to the project.
- iv. Vehicles.
- v. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior CBPF funding.
- vi. Equipment for the regular operations of the implementing partner.
- vii. Recurrent costs for the implementing partner's current operations.

5.1.3 Direct and Indirect Costs

236. There are two categories of eligible expenditures: direct costs and indirect costs.

³¹ Those costs are charged as a direct cost for the management of the fund.

- Direct Costs

237. Direct costs have to be clearly linked to the project activities described in the project proposal and the logical framework. They are defined as actual costs directly related to the implementation of the project to cover the costs of goods and services delivered to beneficiaries, and the costs related to the support activities (even partial, such as a security guard or a logistician partially working for the project), required for the delivery of services and the achievement of the project objectives.

238. Direct costs include:

- i. Staff and related personnel costs, including consultants and other personnel.
- ii. Supplies, commodities, materials.
- iii. Equipment.
- iv. Contractual services.
- v. Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
- vi. Transfers and grants to counterparts.
- vii. General operating and other direct costs including security expenses, office stationary, and utilities such as telecommunications, internet, office rental and other direct costs, including expenses for monitoring, evaluation and reporting, related to the implementation of the project.

- Indirect Costs

239. Indirect costs are referred to as Programme Support Costs (PSC). PSC are all costs that are incurred by the implementing partner regardless of the scope and level of its activities and which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include corporate costs (i.e. headquarters and statutory bodies, legal services, general procurement and recruitment etc.) not related to service provision to a particular project. PSC is charged as a maximum 7 per cent of the approved direct expenditures incurred by the implementing partner.

240. Programme Support Costs of sub-implementing partners associated to the implementation of a specific project must be covered by the overall maximum 7 per cent of the actual project expenditures.

241. Indirect costs do not have to be itemized in the project budget.

5.1.4 Shared Costs

242. Sharing costs between different donors and projects under a country programme of an implementing partner is an acceptable practice for CBPFs. The implementing partner may share certain Country Office costs to different uses and projects, for example staff, office rent, utilities and rented vehicles.

The following guidance applies to shared costs in the project budget:

- i. All shared costs must be directly linked to project implementation.
- ii. All shared costs must be itemized in the budget, following standard accounting practice and based on a well-justified, reasonable and fair allocation system, to be clearly explained in the budget narrative of the project and assessed and approved by the HFU.
- iii. The partner should always be able to demonstrate how costs were derived and explain in the project proposal/logical framework how the calculation was made (e.g. pro-rata, averages).³²
- iv. If a position is cost-shared, the percentage of the monthly cost corresponding to the time that the

³² 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).

person will dedicate to the project shall be budgeted. Portions of a unit may not be budgeted as staff costs; only percentages are acceptable.

- v. Non-staff shared costs must be shared on the basis of an equitable cost allocation system³³. Accordingly, the percentages in the budget are to be assessed and approved by the HFU.
- vi. 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

5.1.5 Guidance on itemization of budget lines

243. Each budget line requires the following cost breakdown:
- i. Itemize each national and international staff, consultant and other personnel by function, and provide unit quantity and unit cost (monthly or daily rates) for each staff position³⁴.
 - ii. Any budget line whose total value exceeds \$10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative.
 - iii. When budget lines contain costs of multiple items (exceeding \$10,000) a budget breakdown should be included in excel listing item, unit, quantity, value or cost (per unit and total cost. Documentation must be uploaded in the GMS.
 - iv. Provide unit or quantity (e.g. 10 kits, 1,000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should properly reference unit measures (length, volume, weight, area, etc.).
 - v. Provide technical specifications for items whose unit cost is greater than \$10,000.
 - vi. Provide technical specifications for items whose unit costs can greatly vary based specifications (e.g. for generators, a reference to the possible range of power would be sufficient to properly evaluate the accuracy of the estimated cost).
 - vii. Provide details in the budget narrative so that the objective of the budget line can be clearly identified.
 - viii. Itemize general operating costs (e.g. office rent, telecommunications, internet, utilities) for project implementation providing quantity and unit cost. A lump sum for operating costs is not acceptable.
 - ix. Travel costs can be estimated as long as the calculation modality is accurately described in the budget narrative (e.g. providing estimates on the number of trips and average duration in days, daily subsistence allowance rates, etc.).
 - x. Travel (In-country and International) or International travel: estimate number of trips and cost per trip.
 - xi. Provide list of items³⁵ and estimated cost per item for kits when the cumulative budget line value exceeds \$10,000.
 - xii. Provide the list of items for globally standardized kits such as Post-exposure Prophylaxis kits and Interagency Emergency Health Kit. This does not include standard kits agreed upon in each country.
 - xiii. In the case of construction works exceeding \$10,000, only labour costs and known essential materials may be budgeted and itemized, providing unit/quantity and unit cost. The budget narrative should explain how construction costs have been estimated on the basis of a standard prototype of building (e.g. latrine, health post or shelter), type of materials (e.g. wood, prefabricated or brick/cement/concrete) and the formula or rationale used to estimate construction cost (e.g. per square foot or meter or previous experiences).
 - xiv. 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

³³ 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).

³⁴ Staff positions must be charged per unit. If staff costs are only partially charged to the given budget this must be reflected in the percentage (50 per cent of a staff, and not half of a staff at 100 per cent).

³⁵ The list should be provided as an annex to the budget.

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 under the budget category *Transfers and Grants to Counterparts*. The breakdown details are not required to be provided in GMS. However, 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.

5.2 Signature of Grant Agreements

244. Standard Grant Agreement templates (see annexes 16 and 17, Grant Agreements with NGOs and UN agencies) must be used for contracting. No changes in the articles of the Grant Agreement are allowed.
245. The use of the GMS is the pre-requisite for implementing the process described below. The GMS supports the full implementation of standard procedures and due diligence processes, it provides support throughout the entire project cycle management, it is the repository of necessary supporting project documents and it ensures timely and effective implementation of control mechanisms to manage and mitigate risks associated with the fund management.
246. Grant Agreements with UN agencies, NGOs, and Red Cross and Red Crescent Movement are prepared by OCHA Country Offices (normally the Humanitarian Financing Unit). Grant agreements are signed by the HC and counter signed by the authorized representative of the partner as recorded in the Due Diligence module of the GMS. Grant agreements are then sent to OCHA HQ/FCS for final approval and signature by EO (or a duly delegated officer).
247. Grant Agreements (see Annexes 18 and 19, Grant Agreements with NGOs and UN agencies) must be submitted to OCHA HQ/FCS by the fund manager through the GMS. The following supporting documents (all annexed) must be submitted.
- i. Copy of the Grant Agreement signed by the HC and partner.³⁶
 - ii. Project proposal (as approved by the HC).
 - iii. Project budget (as approved by the HC).
248. Signature of grant agreements has a processing time of up to 3 business days, provided that the documentation submitted to OCHA HQ/FCS is complete, accurate and consistent.
249. The grant agreement is only valid upon signature by both the HC and implementing partner. The start date, agreed by the HFU in consultation with the implementing partner, is indicated in the Annex B of the grant agreement. The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the grant agreement by the partner occurs after the agreed upon start date, the date of the signature of the grant agreement will determine the official start date of the project.
250. Expenditure is eligible from the date of signature by the partner, which marks the entry into effect of the grant agreement.

5.3 Revisions: no-cost extensions, budget modifications and project changes

251. 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

³⁶ For funds managed with the support of the United Nations Development Programme (UNDP) Multi Partner Trust Funds Office, Allocation paper and Fund Transfer Request (FRT) will be used (see Annex 24 a and b).

proposed changes need formal written authorization, whether an amendment to the initial grant agreement is necessary (see Annex 18, Amendment to Grant Agreement with NGOs, and Annex 19, Amendment to Grant Agreement with UN agencies) or whether the breath of the proposed changes is such that the project needs to be terminated. Annexes 20 (Project Revision Request Form and 13 a and b (Budget Tool for Amendments) of these guidelines provide the format to request a NCE/Budget Revision.

252. Depending on the nature of the revision, relevant GMS workflows will be activated by the HFU allowing partners to request the required amendments.
253. The HC, or the OCHA HoO if delegated to do so (see Annex 21, Delegation of Authority for revision approval), will respond to the implementing partner in writing, accepting, modifying or rejecting the request (see Annex 20, Project Revision Request Form). If accepted, this amendment becomes an integral part of the agreement and must be cleared by OCHA HQ.
254. A signed Grant Agreement Amendment will be required in the following circumstances:
- i. Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category
 - ii. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category
 - iii. Change in duration of the project
 - iv. Change of banking information relevant to the project
 - v. Any other changes that have financial or legal implications and are part of the Grant Agreement
255. The following changes do not require a Grant Agreement Amendment and will be approved in GMS through the 'approval without GA amendment' feature.
- i. Change in project location, unless the entire project area has been changed.
 - ii. Change in number of beneficiaries, unless this changes the nature of the project.
 - iii. Change in approved project activity, unless this changes the project objective and key result.

5.3.1 No-Cost Extensions (NCEs)

256. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the reasons justifying the request and evidence of progress collected through narrative and financial reports (i.e. progress/interim), or through field monitoring visits and financial spot checks.
257. Project Revision Requests should be submitted at least four weeks prior to the end of the project. Later submissions will not be considered.
258. The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project's budget or activities. To extend the duration, an amendment to the original agreement must be signed by both parties.

5.3.2 Budget Modification

259. 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 implementing 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 in writing by OCHA.

- 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 HC (Annexes 20 Project Revision Request Form and 13 a and b, tab 7, Budget Tool for Amendments), after prior consultation with the fund manager.
 - iii. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the implementing partner will also submit a revised logical framework.
 - iv. The HC approval of such modification will be formalized through an amendment to the original grant agreement (inclusive of all necessary supporting documents, project proposal, and project budget).
- Addition of a new budget line

260. Under no circumstances should budget revisions increase the approved total budget.

261. Budget line variations within the same category, not affecting the total value of the category, are acceptable without previous consent.

262. Any additional budget lines within a category, even if they have no impact of the total amount of the category, require prior written consent of OCHA.

263. Interest income earned on project funds must be reported in the Financial Statements.

264. Interest income up to \$10,000 can be used in line with previously approved project budget and activities with prior approval from OCHA. However, total expenditure of the project must not exceed the total approved budget.

5.3.3 Project Changes

265. Deviations from the original project objectives, including changes in the geographic location of the project, the target population, or the scope of project activities will be assessed on case-by-case basis by the HC through the OCHA HoO.

266. Major changes may require a project revision and subsequent amendment of the grant agreement. Project revisions are subject to the approval of the governing entities. Requests for project revision must be formally submitted to the HC by the recipient organization. The request should clearly explain why the grant agreement needs to be amended and indicate the current operational status of the project. A financial statement detailing expenditures incurred to date should be submitted (Annex 13 a and b. Project Budget and Financial Reporting Tool). See paragraph 255 for revision requests that may not require Grant Agreement Amendment and will be approved in GMS through the 'approval without GA amendment' feature.

5.3.4 Project Closure

267. A project will be considered closed when the following conditions are met:

- i. Final narrative report received and cleared by the fund manager. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The fund manager has up to one calendar month from receipt to review and clear the final narrative report.
- ii. Partners must submit the final financial statement (including an inventory of assets purchased under the grant with purchase value over \$10,000 per asset) within 2 calendar months after the

end of the project implementation (including NCEs). Once the final financial statement has been received, it will be pre-cleared by the fund manager and cleared by OCHA HQ/FCS (within one month).

- iii. After clearance of the FFR, projects will be audited within 2 months.
- iv. OCHA HFU and FCS will review and close the project within 2 months from receipt of the audit report.
- v. Following the closure of a project and its audit (when applicable), partners will be notified by OCHA about the exact amount to be refunded. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures (Annex 15, Compliance Measures). Proof of payment needs to be received and acknowledged by OCHA.

268. OCHA reserves the right to audit NGO partners. On this basis, OCHA may also request the reimbursement of unspent or qualified expenditures. Upon written notification from OCHA, the implementing partner shall refund the requested amount within one calendar month.

5.4 Audits process

269. OCHA will apply a risk-based approach³⁷ to audit partners by sampling a certain volume of resources for high, medium and low risk NGOs partners. Data on global allocation of resources are analyzed at OCHA HQ to determine (i) the size and composition of the sample (i.e. percentage of the total amount allocated that should be audited; focus on specific countries) and (ii) propose country audit plans for each CBPF.

270. The composition of the sample must include high, medium and low-risk partners. This maximizes the objective of the audit as an oversight mechanism (to manage financial risks where they are likelier to materialize); while also signalling partners that they can be randomly audited, to further mitigate residual risks.

271. Partner-risk level and allocation amounts will not be the sole basis to determine the sample. Safeguards will be applied while defining audit plans. Criteria such as the size of a specific partner portfolio, or a specific percentage of allocated versus available resources in a year would be used to sample partners beyond the risk-based approach. Specific thresholds and percentages will be determined between the OCHA Country Office and headquarters.

272. Within a three years period all NGO partners who have received funding through a CBPF must be audited.

273. The HFU will provide inputs and recommendations to inform the establishment of the country audit plan to ensure adequate consideration of contextual elements. The country audit plans are drafted by OCHA HQ/FCS in discussion with the Country Office and approved by the EO (or delegated officer).

274. Once the audit plan is agreed upon, the HFU will inform the selected NGOs and trigger the audits.

275. Audit plans will be formulated every year by 15 February.

276. The procurement of audit services must be initiated by the OCHA Country Office and coordinated by the OCHA Administrative Services Branch in accordance with the United Nation's prevailing procurement rules. This will ensure the capacity to implement the audit plan on a timely basis.

277. OCHA Country Offices shall maintain the validity of the audit service LTA to ensure it does not expire before a new LTA has been obtained, or that the existing LTA has been extended.

278. The costs of auditing services will be covered by the CBPF as a direct cost of the fund.

³⁷ While developing detailed guidelines to introduce partner risk-based audit, OCHA will continue to maintain a project-based approach to audit.

5.5 Fraud and other incidents involving loss

279. OCHA HQ (Chief of FCS) should immediately be informed by the OCHA HoO whenever there is a credible indication of possible fraud, corruption or misuse of funds related to CBPF projects. Individual cases should be reported to determine whether an investigation process is warranted. The CBPF Report Form on Suspected Fraudulent Acts by IPs should be used to document the facts of the case (see Annex 22a, Fraud Report Form). The decision to trigger an investigation is made by the OCHA HQ/EO after a consultative process involving OCHA HQ/FCS and the OCHA Country Office while keeping the HC informed. OCHA will apply appropriate conservative measures (e.g. suspension) to partners that are being investigated.
280. OCHA Standard Operating Procedure (SOP) on Suspected Fraud and Misuse of Funds (see Annex 22b) which describes the successive steps that OCHA will take in the event of an investigation into an implementing partner contracted under a CBPF. Information sharing and communication should be handled on a confidential basis.
281. Other incidents: Incidents during the project cycle that affect a partners' ability to account for the use of funds or goods, must be reported to HFU in writing as soon as they occur. An Incident Report and supporting documents should be submitted by the HFU to OCHA HQ/FCS within 30 days (see Annex 22 c and d, Incident Reporting Guidelines and Incident Report Form). Incidents include theft by third parties, diversion of humanitarian assistance by a third party, looting of offices or warehouses, or loss of documents. These incidents should be reported to the Funds' Advisory Board at a minimum on a six months basis.

6. Cross-cutting issues

6.1 Gender

282. There is universal acceptance that humanitarian assistance must meet the distinct needs of women, girls, boys and men in order to ensure equal opportunities and access to assistance. It is recognized that in order for humanitarian action to effectively promote gender equality, focused action and deliberate attention are needed by all actors of the humanitarian community at the local, national and international level. Integration of gender considerations and actions to prevent and respond to Gender-Based Violence (GBV) into projects will generate positive and sustainable outcomes.
283. Partners to CBPFs should ensure that projects are designed, implemented, monitored and evaluated considering the specific needs and constraints faced by women, girls, boys and men. In order to do so, CBPFs encourage the use of existing tools that are available at the systemic level to promote sound gender analysis and gender integration in projects. In this regard, partners should ensure routine collection, collation and utilization of sex and age disaggregated data and information in the whole project cycle.
284. The IASC Gender Marker is utilized by all CBPFs throughout the programme cycle: prospective partners are required to indicate the Gender Marker code as part of the project proposal, and to report on how gender and GBV was addressed during implementation. Beneficiary numbers should be broken down by sex, age and other diversifying factors whenever possible. If there are challenges and barriers to collecting disaggregated data and information, mechanisms should be put in place to address the gap during implementation. At the reporting stage, partners are required to describe how projects have contributed to promoting gender equality, including the prevention and response to Gender Based Violence.
285. Gender equality perspectives, including the Gender Marker code, are part of the assessment criteria used by Review Committees during project appraisal (see Annex 23, IASC Gender Marker FAQs). CBPF monitoring further assesses the extent to which gender considerations have been made as part of project implementation.
286. CBPF Review Committees should benefit of a Gender Advisor support or available gender expertise, if

possible, to ensure that gender analysis forms the core of the needs identification and that the Gender Marker is accurately assessed. Partners are ultimately responsible for ensuring that gender considerations are operationalized in project activities, and that there is adequate capacity to address gender issues during the life of the project and that the implementation of the Gender Marker is accurately reported on.

6.2 Accountability to Affected Populations (AAP)

287. CBPFs are committed to ensuring that funded projects adhere to the highest possible quality standards. As part of this effort, partners are encouraged to incorporate the various existing Accountability to Affected Populations (AAP) modalities into the design, implementation, management and monitoring of projects. At the project proposal stage, partners are asked to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. CBPF reporting and monitoring procedures will seek to verify how this has been applied throughout project implementation. This will include, for the projects that will be monitored, making an assessment of the level of participation and access to information by project beneficiaries.
288. Partners are encouraged to seek guidance from existing resources on AAP. In particular, the following documents are important: (i) the five IASC Commitments to Accountability to Affected Populations (CAAP), (ii) the IASC Operational Framework on Accountability to Affected Populations, and (iii) the IASC Tools to assist in implementing the IASC AAP Commitments.
289. All CBPFs are required to establish a formal complaint mechanism to receive feedback from stakeholders who believe they have been treated incorrectly or unfairly during any of the Fund's processes. OCHA will compile, review, address and – if necessary - raise the issues to the HC, who will then take a decision on necessary action.

List of Annexes:

Accountability annexes

Annex 2	Risk Management Framework
Annex 10	Eligibility documents <ul style="list-style-type: none"> Eligibility process guidance <i>(New)</i> Due Diligence documents <i>(Revised)</i> Internal Capacity Assessment checklist <i>(New)</i> Internal Capacity Assessment questionnaire <i>(New)</i> Performance Index Tool <i>(New)</i>
Annex 11	Field monitoring template <i>(Revised)</i>
Annex 12	Financial spot-checks (ToR and reporting template) <i>(New)</i>
Annex 15	Compliance measures
Annex 22	Fraud and other incident documents <i>(New)</i> <ul style="list-style-type: none"> Fraud report form SOP on suspected Fraud and Misuse of Funds Guidelines for HFU for incident reporting Incident Report Form

Administrative templates

Annex 16	Grant Agreement with NGOs
Annex 17	Grant Agreement with UN Agencies
Annex 18	Amendment to Grant Agreement with NGOs
Annex 19	Amendment to Grant Agreement with UN Agencies
Annex 20	Project Revision Request Form
Annex 21	Delegation of Authority for Revision Approval <i>(Revised)</i>
Annex 24	MPTF Documents <i>(Revised)</i> <ul style="list-style-type: none"> MPTF Funds Transfer Request and Allocation Letter Memorandum of Understanding template Standard Administrative Agreement template

Fund management documents

Annex 1	CBPF Operational Manual Template <i>(Revised)</i>
Annex 3	FTS Reporting Template
Annex 4	Annual Reports Guidance Note <i>(Revised)</i>
Annex 5	Allocation Strategy Paper Template <i>(New)</i>
Annex 6	CERF CBPF Complementarity Guidance Note
Annex 9	Sample Scorecard for Project Prioritization
Annex 23	IASC Gender Marker FAQs

Project management templates

Annex 7	Concept Note Template
Annex 8	Project Proposal Template
Annex 13	Budget Preparation and Reporting Template
Annex 14	Narrative Reporting Template