



## Policy Instruction

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# Country-based Pooled Funds

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Under-Secretary-General for Humanitarian Affairs  
Approval date: 05 February 2015  
Contact: Chief, Funding Coordination Section (FCS)  
Review date: 03 February 2017

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## **Policy Instruction Country-based Pooled Funds**

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### **1. PURPOSE**

1.1 This policy instruction describes the objectives, management and governance arrangements for Country-based Pooled Funds (CBPFs) that are managed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

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### **2. SCOPE**

2.1 All OCHA staff should be aware of this policy instruction. It applies specifically to all OCHA staff responsible for, or tasked with, the management of OCHA CBPFs. Compliance is mandatory. Humanitarian Coordinators (HC) lead CBPF management with the support of OCHA at the country-level and are advised to follow the guidelines as prescribed in this policy instruction.

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### **3. RATIONALE**

- 3.1 General Assembly resolution 46/182 provides a broad framework for emergency relief within the UN System. The resolution articulates the importance of appropriate contingency funding arrangements as a means of strengthening operational capacity of humanitarian actors for rapid and coordinated response to emergencies. As such, humanitarian financing is ingrained as a key component of the coordination of humanitarian operations by resolution 46/182.
- 3.2 The United Nations Humanitarian Reform initiative (2005) and the Inter-Agency Standing Committee (IASC) Transformative Agenda (2012) put increased emphasis on humanitarian financing as a critical component towards resourcing principled humanitarian action in a predictable and consistent manner. More specifically, the IASC Transformative Agenda focuses on improving the timeliness and effectiveness of the collective humanitarian response through stronger leadership, more effective coordination structures, and improved accountability. In this context, CBPFs provide a link between the pillars of the Transformative Agenda and humanitarian activities on the ground by supporting humanitarian response planning, mobilizing resources, promoting accountability and serving as a vehicle for setting strategic funding priorities for coordinated humanitarian action.
- 3.3 The harmonization of CBPFs and the consolidation of guidelines on their management and functioning are in line with the recommendations of audits undertaken by the UN Board of Auditors and Office for Internal Oversight Services (OIOS), as well as the External Global Evaluation of Emergency Response Funds (2013).
- 3.4 CBPFs are instrumental in delivering OCHA's mandate to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors. OCHA has managed CBPFs since 1995 when the first Emergency Response Fund (ERF) was established in Angola. Since then, CBPFs have been established in more than 20 countries. The expected results and contribution of CBPFs to OCHA's corporate goals are captured in the 2014-2017 OCHA Strategic Framework and corresponding Management Plan which provide the overall results framework for all CBPFs.
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### **4. POLICY AND PROCEDURES**

#### **4.1 OCHA Mandate in Humanitarian Financing**

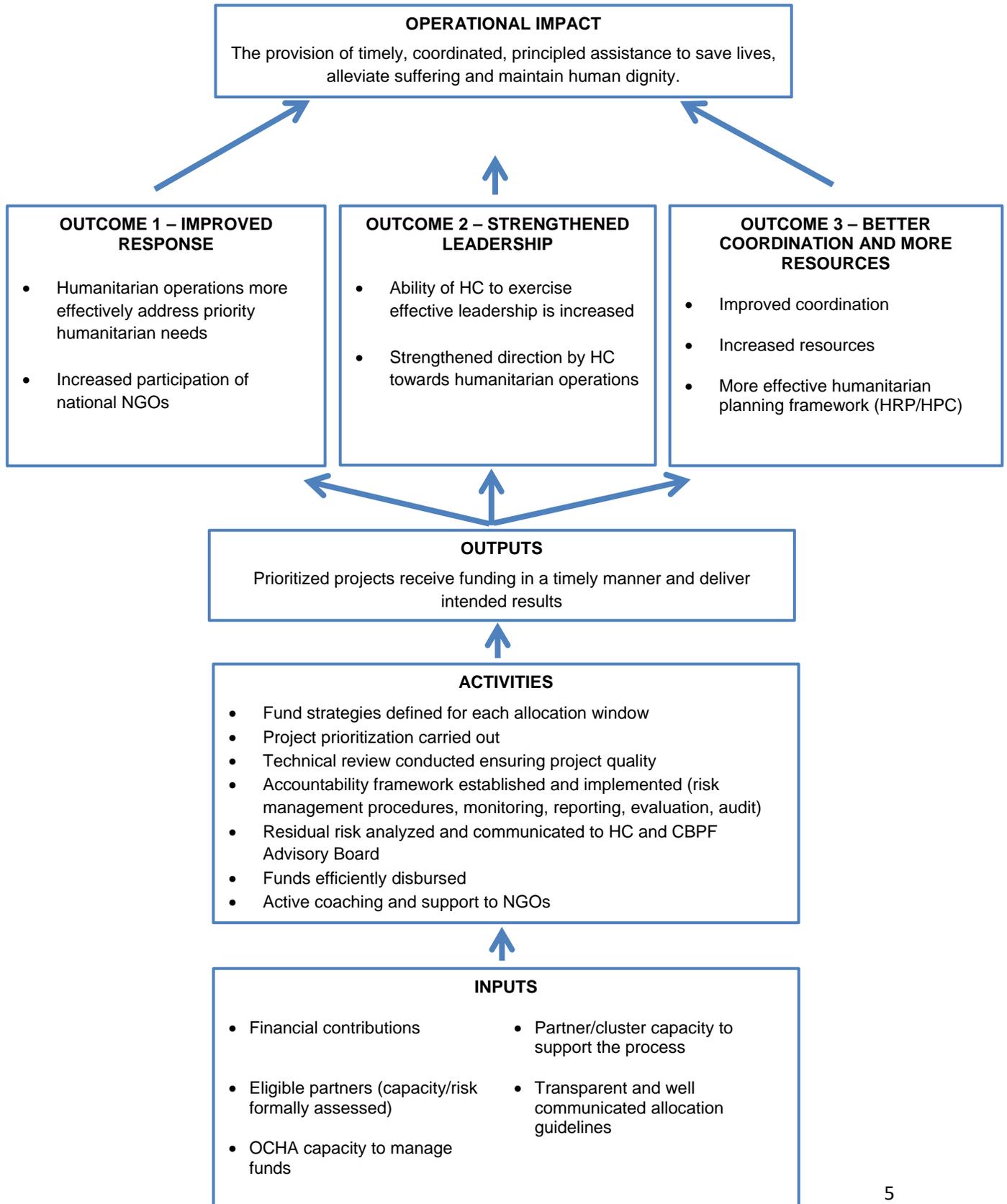
- 4.1.1 Humanitarian financing is a core function of OCHA. In this regard, OCHA manages humanitarian pooled funds, whether at the country level through CBPFs or at the global level through the Central Emergency Response Fund (CERF). OCHA's role in humanitarian financing also includes broader policy development, resource mobilization, financial tracking and advocacy.

#### **4.2 Principles, Outcomes and Impact**

- 4.2.1 CBPFs are guided by the fundamental humanitarian principles of humanity, impartiality, neutrality and independence. CBPFs are also in line with recognized international standards as determined by the Inter-Agency Standing Committee (IASC) and humanitarian financing principles as codified under the Good Humanitarian Donorship (GHD) Initiative.

- 4.2.2 CBPFs allocate funding based on identified humanitarian needs and priorities at the country level in line with the Humanitarian Programme Cycle (HPC). Allocations go to UN agencies and the International Organization for Migration (IOM), national and international non-governmental organizations (NGOs) and Red Cross/Red Crescent organizations. To avoid duplication and ensure a complementary use of available CBPF funding, allocations are made taking into account other funding sources, including bilateral contributions.
- 4.2.3 In addition to the fundamental humanitarian principles that guide CBPFs and all humanitarian action, CBPFs are grounded in four specific principles that underpin their functioning:
- **Inclusiveness:** A broad range of humanitarian partner organizations (UN agencies and NGOs) participates in CBPF processes and receive funding to implement projects addressing identified priority needs.
  - **Flexibility:** The programmatic focus and funding priorities of CBPFs are set at the country level and may shift rapidly, especially in volatile humanitarian contexts. CBPFs are able to adapt rapidly to changing priorities and allow humanitarian partners to identify appropriate solutions to address humanitarian needs in the most effective way.
  - **Timeliness:** CBPFs allocate funds and save lives as humanitarian needs emerge or escalate.
  - **Efficiency:** Management of all processes related to CBPFs enables timely and strategic responses to identified humanitarian needs. CBPFs seek to employ effective disbursement mechanisms, minimizing transaction costs while operating in a transparent and accountable manner.
- 4.2.4 Together with these principles, CBPFs have three expected outcomes:
- a) Improve effectiveness of the humanitarian response by directing funding towards priority humanitarian needs. Priority needs are identified through an inclusive and participatory process, which includes national actors (e.g. NGOs).
  - b) Strengthen the leadership of the HC, while leveraging his/her humanitarian coordination role.
  - c) Mobilize resources and support coordination in support of the humanitarian planning framework (HRP/HPC).
- 4.2.5 These outcomes lead to the overall operational impact of CBPFs, i.e., the provision of timely, coordinated, principled assistance to save lives, alleviate suffering and maintain human dignity.
- 4.2.6 The following diagram depicts the building blocks necessary to achieve the intended operational impact of CBPFs.

Figure 1: Operational Impact of Country-Based Pooled Funds



### **4.3 Commitment to Strengthening Partnerships with National Actors**

- 4.3.1 CBPFs are committed to ensure strong partnerships with all humanitarian organisations involved in the response, including NGO partners which are critical to effective humanitarian response. NGO partners, in particular national NGOs, are often in closer proximity to people in need and have better knowledge of local contexts, languages and cultures. OCHA is committed to supporting NGOs in developing their capacity to become eligible recipients of CBPF funding. CBPFs offer a vehicle for OCHA to build strategic, long-term partnerships with national and international NGOs, strengthen their capacity and, ultimately, improve humanitarian response.

### **4.4 Governance**

- 4.4.1 At the headquarters level, the ERC relies on FCS and OCHA's Senior Leadership Team (SLT) to maintain a global overview of CBPFs and provide advice on significant policy issues related to CBPFs, including the opening and closing of funds, as well as monitoring compliance with framework and guidance documents. To this end, the SLT, acts as the Governance Board as outlined in the Handbook. OCHA's Funding Coordination Section (FCS) acts as its secretariat, providing information required for proper oversight, decision-making and accountability.
- 4.4.2 At the country level, the HC provides strategic leadership and ensures effective management and oversight of the CBPF. In this regard, he/she relies on the support of the OCHA Country Office and a CBPF Advisory Board (AB). The AB provides advice on the strategic direction of the fund, allocation strategy, project selection and resource mobilization. Furthermore, the AB supports the HC and the OCHA Country Office on risk management, ensures transparency and reviews operational performance in line with the Operational Handbook for CBPFs and CBPF core principles.
- 4.4.3 CBPFs mitigate potential conflicts of interest through: (i) a governance structure with clearly delineated responsibilities; (ii) inclusive and transparent allocation processes; (iii) timely sharing of information with stakeholders; and (iv) established complaint mechanisms for stakeholder feedback at the country level.
- 4.4.4 The Operational Handbook describes the governance structure in detail.

### **4.5 Management**

- 4.5.1 At the headquarters level, FCS provides policy advice, operational and administrative support to OCHA country offices in the management of CBPFs. This includes developing corporate guidelines, support systems and tools to ensure the professional management of CBPFs. FCS works closely with all CBPF fund managers, monitoring compliance with corporate guidelines.
- 4.5.2 In the field, the management of CBPFs falls under the responsibility of the Head of the OCHA Country Office (HoO). The OCHA HoO oversees the operation of the CBPF to support the HC. Key responsibilities include: (i) advising the HC on strategic issues and resource mobilization; (ii) ensuring that the OCHA Country Office has sufficient capacity to manage the CBPF effectively; and (iii) ensuring that the CBPF adhere to standard procedures set out in this policy instruction and the operational handbook.

- 4.5.3 CBPF operations are embedded in the humanitarian coordination architecture at the country level. The process for allocating funding requires cluster and sector leads to engage in the identification of humanitarian needs, support project prioritization and undertake the technical review of projects.

#### **4.6 Risk**

- 4.6.1 CBPFs routinely operate in highly insecure environments with severe access restrictions. CBPFs are transparent about all associated operational risks and engage in a rigorous process to analyze, manage and mitigate these risks. The HC, in close consultation with the AB and OCHA Country Office, determines how much risk is acceptable, taking into consideration circumstances particular to the specific country context.
- 4.6.2 Cases of suspected misappropriation of funds will be handled in line with stipulations in the respective grant agreement and in accordance with the rules and regulations concerning fraud in the UN Budget and Finance Manual. The OCHA Country Office consults with OCHA FCS upon suspicion or reporting of suspected fraud and to consider the appropriate investigation and compliance tools to assess and address the case.

#### **4.7 Administration**

- 4.7.1 The Operational Handbook provides administrative and financial guidance for UN agencies/IOM, NGOs, and Red Cross and Red Crescent Movement entering into contractual agreement with OCHA.

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### **5. TERMS AND DEFINITIONS**

- 5.1 *Country-Based Pooled Funds (CBPFs):* CBPFs are multi-donor humanitarian financing instruments established by the Emergency Relief Coordinator (ERC). They are managed by OCHA at the country-level under the leadership of the Humanitarian Coordinator (HC). Donor contributions to each CBPF are un-earmarked and allocated by the HC through an in-country consultative process.
- 5.2 *CBPF Operational Handbook:* Provides a complete set of technical guidelines, tools and templates used in the management and operation of CBPFs.
- 5.3 *Allocations:* The process representing the HC's mechanism through which CBPFs disburse funds to implementing partners for activities related to HRP. They comprise standard allocations pegged to a specific time of the year for larger funds, or reserve allocations intended for rapid and flexible disbursement in the event of unforeseen circumstances.
- 5.4 *Contributions:* Donor funds programmed for allocations through CBPFs. Contributions to CBPFs cannot be earmarked for specific activities, clusters or sectors.

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## 6. REFERENCES

- IASC Transformative Agenda  
<http://www.humanitarianinfo.org/iasc/pageloader.aspx?page=content-template-default&bd=87>
- [A/RES/46/182](http://www.un.org/documents/ga/res/46/a46r182.htm) (<http://www.un.org/documents/ga/res/46/a46r182.htm> ) and [OCHA Strategic Framework 2014-2017](#), (<https://docs.unocha.org/sites/dms/Documents/OCHA%20SF%202014-2017%20Strategic%20Plan.pdf>)
- GHD (2003), 'Principles and Good Practice of Humanitarian Donorship', endorsed in Stockholm, 17 June 2003.

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## 7. MONITORING AND COMPLIANCE

- 7.1 Compliance with this policy instruction is mandatory and will be monitored by OCHA FCS in consultation with the OCHA Senior Management Team (SMT).

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## 8. DATES

- 8.1 This policy is effective from 5 February 2015. The operational handbook will be reviewed and updated regularly by FCS in consultation with OCHA SMT as needed due to operational requirements, and to reflect major changes in United Nations and humanitarian practices. The next scheduled review of this policy instruction will be conducted no later than 3 February 2017. As per the policy instruction on OCHA Guidance Materials, however, the USG may at any time recall or initiate a review of any OCHA official guidance.

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## 9. CONTACT

- 9.1 The contact for this policy instruction is the Chief of FCS in New York.

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## 10. HISTORY

- 10.1 This policy instruction updates and supersedes the previous ERF Guidelines approved on 9 October 2012 and subsequently reviewed on 1 July 2013.

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SIGNED:

*Valerie Ann*

DATE: 05 February 2014