Somalia Humanitarian Fund (SHF)

Operational Manual

FINAL

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The Somalia Humanitarian Fund (SHF) is a multi-donor country-based pooled fund (CBPF) that ensures timely allocation and disbursement of donor resources to address the most urgent humanitarian needs and assist the most vulnerable people in Somalia.

The SHF allows Governments and private donors to pool their contributions into a common, unearmarked fund to deliver life-saving assistance to those who need it most.

The SHF enables timely, coordinated and effective humanitarian response and is distinguished by its focus and flexibility. The SHF funds are prioritized locally; they help save lives, strengthen humanitarian coordination and the humanitarian system in Somalia.

The SHF is managed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

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Acronyms

AA	Administrative Agent
AB	Advisory Board
CBPF	Country-Based Pooled Fund
CRC	Cluster Review Committee
GMS	Grant Management System
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HFU	Humanitarian Financing Unit
HRP	Humanitarian Response Plan
ICCG	Inter-Cluster Coordination Group
IOM	International Organization for Migration
IP	Implementing Partner
MA	Managing Agent
M&E	Monitoring and Evaluation
M&R	Monitoring and Reporting
MOU	Memorandum of Understanding
MPTFO	Multi-Partner Trust Fund Office
NCE	No-Cost Extension
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
PP	Project Proposal
PUNO	Participating United Nations Organization
SAA	Standard Administrative Arrangement
SHF	Somalia Humanitarian Fund
TOR	Terms of Reference

1. Introduction

1. The Somalia Humanitarian Fund (SHF) is a multi-donor country based pooled Fund established in 2010 with the aim of ensuring predictable, strategic and flexible funding to local and international non-governmental organizations (NGOs) and UN humanitarian agencies.

2. The Operational Manual for the Somalia Humanitarian Fund is issued by the Humanitarian Coordinator (HC) and endorsed by the Advisory Board.

3. The HC will revisit this Manual as needed to adjust the general direction and programmatic focus of the Fund, thereby ensuring its relevance and effectiveness.

1.1. Purpose and scope

4. The purpose of the SHF Operational Manual is to outline the objectives, describe the governance arrangements, allocation modalities and priorities, and accountability mechanisms of the Fund, as well as to detail the roles and responsibilities of the stakeholders involved.

5. This manual will provide guidance to implementing partners and facilitate the role of OCHA, members of the Review Committees, and the cluster coordinators

6. The SHF Operational Manual should be considered in conjunction with the Operational Handbook for Country-Based Pooled Funds (CBPFs). This manual outlines all the steps and phases to be followed throughout the allocation processes and defines the country-specific regulations that govern the fund. It is designed within the framework provided by the Operational Handbook for Country-Based Pooled Funds (CBPFs), which describes the global set of rules that apply to all CBPFs worldwide, and adapts specific aspects of these global guidelines to the humanitarian context in the country.

7. Adherence to the guidance provided in the two documents is mandatory so as to ensure standard and transparent processes. Both documents are complementary to the each other.

2. Objectives of the SHF

8. Support life-saving and life sustaining assistance to the most vulnerable groups, based on the most urgent humanitarian needs as defined in the HRP or in response to sudden onset emergency needs.

9. Expand the delivery of assistance in hard to reach areas by partnering with national and international NGOs.

10. Strengthen coordination and leadership by leveraging the cluster system thereby ensuring that humanitarian needs are addressed in a collaborative manner.

11. Contribute to addressing gaps in priority clusters and regions, and funding imbalances between clusters, in complementarity with other funding sources and channels and thus contribute to the overall improvement in funding coordination.

12. Support common services and enabling programmes if they directly support the delivery of humanitarian aid and provide equitable access for humanitarian actors.

13. Strive for cost-effectiveness and ensure that all SHF-funded interventions adhere to the basic humanitarian principles of humanity, neutrality, impartiality and independence.

3.   Governance and management

14. The activities of the SHF will be carried out under the overall leadership of the HC. An Advisory Board (AB), under the chairmanship of the HC and comprised of four UN agencies, four NGOs, and two donor representatives, advises on the use of funds.

3.1. Humanitarian Coordinator

15. The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, supported by OCHA's Humanitarian Financing Unit (HFU) and advised by the Advisory Board (AB). The key responsibilities of the HC are:

- Approves the Operational Manual, which outlines the Fund's scope and objectives; programmatic focus; governance structures and membership; allocation modalities and processes; accountability mechanisms; and operational modalities;
- Leads advocacy and resource mobilization for the Fund, at both global and country level, supported by the OCHA Country Office and in coordination with relevant OCHA entities at headquarters;
- Chairs the Advisory Board and provides strategic direction for the Fund;
- Approves the use of and defines the strategic focus and amounts of Fund's allocations;
- Ensures that the Advisory Board and the review committee(s) are functioning in accordance with the guidelines outlined in the Operational Manual;
- Makes 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 Advisory Board, for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the review committee(s);
- Approves projects and initiates disbursement;
- Ensures complementary use of SHF funding with other funding sources, including the Central Emergency Response Fund (CERF)
- Leads the process of closing the SHF.

3.2. Advisory Board

16. The AB is a body with an advisory function that supports the HC in steering the Fund's strategic direction and oversees the performance of the Fund. It advises the HC on strategic and policy issues and ensure the views of donors, UN agencies and the NGO community are represented. The AB serves as a forum to share information on funding coverage to strengthen donor coordination, discuss funding priorities in line with the HRP and review the accountability mechanism of the Fund. The final decision-making authority rests entirely with the HC, who is the chairperson of the AB.

17. The Advisory Board comprises of;
- Humanitarian Coordinator (Chairperson)
- 4 UN agencies
- 4 NGOs (2 international, 1 national, 1 representative from the NGO consortium)
- 2 donor representatives

- 2 observers (1 representative from a non-SHF donor, 1 donor representative from the Informal Humanitarian Donor Group)
- OCHA Head of Office

18. Its membership is limited to ensure meaningful discussions and quick and effective decision-making. Those selected make a commitment to attend all Board meetings, to provide comments by email as required, and are authorized to make decisions during Board meetings. Humanitarian UN agencies select four among them as Board members, and the NGOs select four NGOs as Board members.

19. OCHA participates in the Board meetings as the secretariat as well as in its role as Managing Agent. Board members are elected for two years; tenure is renewable, and representation should be at the country representative or head of country office level. Board members participate in their individual, technical capacities; they do not represent the interest of their agency or broader constituencies. To ensure continuity, the replacement of board members is staggered, so that every year, half of the representatives of UN agencies, NGOs and donors respectively are replaced (or re-elected). (Half of the first round of Board members will only serve for one year).

20. The key functions of the AB are:
    - *Strategic focus*: The AB supports 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 AB advises the HC in setting funding targets and provides support to resource mobilization efforts.
    - *Risk Management*: The AB supports the HC and the OCHA Country Office in undertaking periodic risk analyses and reviewing the risk management plan of the Fund in accordance with the Fund's Accountability Framework (see section 7, Accountability Framework).
    - *Transparency of the overall process*: The AB should monitor the Fund's processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the Fund abides by established policies.
    - *Review of operational activities*: The AB monitors the operational performance of the Fund, providing advice to the HC.

21. Any member of the Advisory Board can ask for issues relevant to the SHF to be discussed at Board meetings. A quorum of six members is required for the Board to make recommendations to the HC.

22. The Advisory Board can review proposals that cut across clusters and common services projects. OCHA as the secretariat of the Board is responsible for communicating the Board's comments and recommendations on submitted projects to the HC, along with the supporting argumentation and a summary of the discussion within the Board. If necessary, the Advisory Board can select a set of completed SHF-funded projects for external evaluation.

23. Apart from the regular meetings prior to and after each standard allocation, the Board can hold additional meetings to discuss specific issues concerning the Fund, at the request of Board members or the HC. The Board can discuss projects and other issues via email. If the Board is reviewing a project of one of its members, that agency cannot take part in the review.

24. Beyond these functions, the HC can call on the Advisory Board at any time to (a) give advice on a project rejected by the cluster but where the submitting organization has appealed, (b) arbiter conflicts between submitting organizations, a cluster and the HC, (c) perform ad-hoc reviews of the SHF mechanism in cases of an unexpected change of circumstance, or (d) perform any other advisory function as judged necessary by the HC.

25. The frequency of meetings is determined by the processes that require strategic direction and policy guidance. The AB meets at least twice annually. The Board can hold additional meetings to discuss specific issues concerning the Fund, at the request of Board members or the HC. The Board can discuss projects and other urgent issues that require board discussions.

3.3. Cluster coordinators, co-chairs and Cluster Review Committees

26. Cluster coordinators are responsible for recommending the allocation of funding to projects within their cluster. Together with the co-chair, they compile a list of projects to be reviewed by the cluster review committee (CRC). Cluster chairs are responsible for the inclusiveness and transparency of this process. A scoring sheet with a list of projects selected by the CRC is submitted, through OCHA, to the HC for review and to ensure alignment with SHF guidance.

27. Clusters contribute to monitoring and evaluation by developing three to five key indicators and standard activities per cluster, by including SHF projects in their cluster portfolio, by analysing project reports, by participating in inter-agency project visits, by providing any other relevant information about the implemented projects, and by providing sampling criteria for the selection of projects for evaluation.

3.3.1   Cluster Review Committees

28. *Objective*: Cluster review committees are responsible for the strategic and technical review of project proposals received by the SHF. They are not representative bodies.

29. *Composition and size*: Cluster review committees are composed of experts from national NGOs, international NGOs and UN agencies, plus the cluster coordinator and co-chair. The three groups (local and international NGOs, UN agencies) are represented equitably. The size of the CRC may vary according to the size of the cluster, from 5 members (1 LNGO, 1 INGO, 1 UN, cluster coordinator, co-chair) to 11 members (3 LNGO, 3 INGO, 3 UN, cluster coordinator, co-chair), and is determined by cluster coordinators. OCHA Somalia HFU participates in the CRC as an observer to support the work of the CRC.

30. *Decision making*: CRC members review a scoring system to prioritize projects, which is prepared by the cluster coordinator and reflective of the standardized SHF score card. They try to find a consensus. If this is not possible, the members vote, and decide by simple majority. Members refrain from the discussion of and vote on their own agency's projects.

31. *Tenure:* The tenure for CRC members is one year. CRCs are established in Sep/Oct of each year, ahead of the HRP process. Thus, CRC tenure is in line with the HRP cycle. Membership is renewable but may not exceed two tenures, unless agreed by the cluster for specific technical reasons.

32. *Criteria*: Organizations included in the 3W/4W matrix (or that meet other cluster membership criteria) are considered cluster members. Only cluster members can be part of a CRC. The individual nominated by the organization shall have the relevant technical expertise, and shall be available for at least six months. The organization nominating a staff member shall have a presence in Somalia. Consultation with field-based staff is possible, by email or other means. Organizations but not individuals may be members of more than one CRC. Individuals may not be nominated for more than one CRC.

33. *Selection Process*: CRC members are elected by the cluster members. Cluster coordinators invite interested organizations to nominate one staff member and one alternate. Cluster coordinators establish a list of all eligible candidates. They invite all cluster members to cast three votes (one for each group: Local NGO, International NGO, UN). Each organization that is a cluster member can cast their three votes once. Cluster coordinators and co-chairs do not vote. The vote is secret. Cluster coordinators publish the results and constitute the CRC.

34. CRCs under the leadership of cluster coordinators support the SHF at two levels: (i) at a strategic level, by ensuring that there are linkages between the fund, the HRP and cluster strategies; and (ii) at an operational level by providing technical expertise to the process of project prioritization and to the technical review of projects.

35. The CRCs can undertake the following SHF-related activities
    - Establish needs-based priorities for funding in consultation with cluster partners;
    - Facilitate all SHF related processes in consultation with cluster partners;
    - Facilitate cross-cluster coordination;
    - Lead a process to transparently identify, review and recommend priority humanitarian projects for funding based on agreed overall cluster priorities and strategies and document these processes;
    - Defend cluster strategies and proposal during allocation rounds;
    - Ensure quality and timely submissions of all related cluster materials;
    - Promote the systematic use of relevant standard activities and indicators for projects;
    - Participate in field monitoring visits to support assessment of implemented projects;
    - Review and recommend revision requests when technical or strategic input is required;
    - Train and build capacity of cluster partners on SHF procedures.

3.4. OCHA Head of Office (HoO)

36. 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 in accordance with the CBPF Policy Instruction, Handbook and the Operational Manual.

37. The HoO responsibilities and functions with respect to the SHF are to:
    - Support and advise the HC on strategic issues and resource mobilization.
    - Supervise the OCHA Humanitarian Financing Unit (HFU) and ensure that the HFU is well integrated and coordinated with other units and sub-offices of OCHA Somalia.
    - Ensure that OCHA has the capacity to fulfil the SHF accountability requirements, including risk management and implementation of operational modalities.

- Promote active involvement of existing coordination structures in the SHF processes and ensure that its scope, objectives and allocation strategies are aligned with the HRP.
- Approve project no-cost extensions within the scope of the delegation of authority granted by the HC.
- Interface with headquarters on policy issues related to the SHF.
- Act as a permanent member of the Advisory Board.

3.5. OCHA Somalia Humanitarian Financing Unit (HFU)

38. The HFU is responsible for the daily management of all programmatic and financial aspects of the Fund on behalf of the HC and under the supervision of the OCHA HoO.

39. In support of the HC and AB, and with the assistance of other OCHA sections and units, the HFU will undertake the following tasks:

    a)   <u>Management of SHF operations and policy advice to the HC</u>

- Advise the HC and OCHA HoO on Fund strategies and any other policy matters related to the fund.
- Facilitate the development of the SHF scope and objectives and/or allocation paper.
- Provide oversight to the entire funding cycle from the launch of an allocation to closure of projects.
- Engage with SHF donors and coordinate with other humanitarian donors in the country.
- Draft the resource mobilization strategy and support its implementation in coordination with headquarters resource mobilization efforts.
- Support HC and HoO efforts to link the Fund with the Humanitarian Programme Cycle (HPC) by promoting allocations in alignment with HRPs.
- Support and promote partner compliance with SHF procedures.
- Produce reports, analysis and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities.
- Promote the complementarity of the SHF and CERF.
- Serve as the AB secretariat.
- Prepare the SHF annual report.

    b)   <u>Project Cycle Management</u>

- Facilitate and train stakeholders on the use of the Grant Management System (GMS).
- Ensure compliance with processes, systems, templates and tools for CBPFs defined in the global handbook, this Operational Manual and other SHF procedures.
- Provide support to all SHF recipients throughout the allocation process and promote feedback and continuous learning.
- Coordinate and facilitate all activities associated with the strategic review (project prioritization).
- Coordinate and facilitate all activities associated with the technical review.
- Ensure follow up of Fund disbursement and refunding.
- Ensure narrative and financial reporting compliance.
- Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extensions, etc.).

- Ensure Financial Tracking Service (FTS) reporting as required.

   c) Implementation of the SHF Accountability Framework

- Support and advise the HC and OCHA HoO on the implementation of the SHF Accountability Framework.
- Coordinate and facilitate capacity and performance assessments, risk management, monitoring, and reporting.
- Ensure compliance with the minimum requirements described in the operational modalities of the Manual.
- Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings.
- Facilitate periodic external evaluations in line with the global agreements on evaluation requirements for the CBPF.

3.6. SHF Implementing Partners

40. Donor contributions to the SHF are utilized to fund projects carried out by the SHF Implementing Partners:
    - National and international Non-Governmental Organizations (NGOs) that have passed the SHF capacity assessments.
    - UN Agencies, Funds and Programmes (UN AFPs), including the International Organization for Migration (IOM), that have signed the Standard Memorandum of Understanding (MOU) for the Somalia Humanitarian Fund.

41. The responsibilities of the SHF Implementing Partners:

   a)   Application process

- Implementing partners must familiarize themselves with the SHF processes and, if necessary, seek advice from OCHA Somalia HFU and cluster coordinators before applying for funding.
- They must develop and submit project proposals reflecting and aligned with the allocation strategy and as per guidance of cluster coordinators through the GMS, with all the necessary supporting documents
- They must adhere to the set timelines and ensure speedy, thorough and responsive review process.
- They must complete due diligence information before submission of proposals and ensure that all required documentation is fully filled and signed.

   b)   Implementation

- After the project approval and technical review process, they have to sign Grant Agreement and related annexes specifying the applicable terms and conditions, becoming legally accountable for the proper use of SHF funds according to the terms of the Grant Agreement.
- Implementing partners commit to comply with all the requirements defined in the Grant Agreement. Some terms of the Agreement may be modified to accommodate the necessary changes arising through the unforeseeable circumstance through the project

revision, budget revision and no cost extension. (For details on revision requests partners should contact OCHA Somalia HFU).

c) Accountability

- Implementing partners need to ensure that robust internal accountability procedures (monitoring, reporting, risk management) are in place and diligently applied in relation to SHF projects.
- Implementing partners have an obligation to facilitate all SHF accountability activities (see section *5. Accountability Framework*), whether conducted by OCHA Somalia HFU, cluster coordinators or any other entity contracted or authorized by the OCHA Somalia. United Nations, including but not limited to visits with partners, external experts or donors; monitoring visits; financial assurance activities; and investigations.
- Implementing partners shall provide narrative and financial reports in line with the reporting requirements stipulated in the Grant Agreement or its annexes.
- Implementing partners have to immediately report to the HFU any constraints (management, financial, logistical, security) that may significantly affect the implementation or lead to changes of the SHF project.
- Implementing partners are obliged to immediately report fraud or suspected fraud. See section *5.9. Complaint and feedback mechanism*.
- Implementing partner should inform SHF of any organizational changes at all times, including but not limited to the change of designated signatory and/or legal representative, change of organizational name, change on bank information or contact information.
- Implementing partner is required to provide the requested contact lists of beneficiaries per project for remote call monitoring when requested by the HFU/SHF.

d)   Visibility

- All partners are strongly encourage to promote their work and assistance funded by the SHF, as per the SHF Visibility Guidelines (Annex 9) and in close partnership and collaboration with OCHA Somalia HFU to maximize the impact of their communication efforts around SHF.

4. Allocation process

42. The SHF has two funding windows; standard allocation and reserve. Unless otherwise decided by the HC in the consultation with the Advisory Board, up to 25 per cent of the available funding is kept as a reserve and at least 75 per cent is allocated at the time of the first standard allocation. These percentages can be revised based on the humanitarian situation and changes in humanitarian needs. The HC in consultation with the Advisory Board decides on the percentages.

4.1. Standard allocation

43. The standard allocation process is the core element of the SHF and is used to allocate the majority of funding. The HC, advised by the Advisory Board and in consultation with the Inter-Cluster Coordination Group (ICCG), allocates available funding to priority clusters, based on an analysis of humanitarian needs and priorities. Clusters then identify priority, underfunded HRP projects for SHF funding and submit them via OCHA to the HC for review and final approval. Standard allocations usually take place twice a year, depending on the funding situation. They include three steps:
    I.   strategic prioritization, which includes the apportionment of funding envelopes in the standard allocation document;
    II. prioritization of projects; and
    III. review and approval of recommended projects.

44. The first standard allocation, usually takes place in the first half of the year, after the publication of the HRP and once preliminary data from major assessments is available. The second allocation usually takes place in the second half of the year, after the publication of the mid-year review of the HRP. Strategic prioritization is based on assessed needs and an agreed humanitarian strategy, taking stock of cluster assessments and other information based on the situation at the time of an allocation. While the HC should strive to allocate the available funding as quickly as possible, the number and timing of standard allocations each year may vary depending on the emergence of new crises and the availability of funds. In particular, further standard allocations may be added to ensure that received funding is disbursed quickly.

4.1.1   Standard Allocation Paper and workflow

45. Steps of the standard allocation process include
    - Development of the allocation strategy
    - Submission of project proposals through the GMS
    - Strategic review by the CRC
    - HC preliminary approval and AB consultation
    - Technical and financial review by CRC and HFU
    - Final approval by HC
    - Disbursement

46. The HC initiates a standard allocation process by publishing a standard allocation document developed based on agreed priorities of the HRP. The HC, supported by the HFU, utilizes existing coordination mechanisms and the ICCG to establish a process that produces

credible and unbiased information to develop the strategy. This process results in an allocation paper which summarizes the analysis, strategy and intent of the standard allocation. The Advisory Board reviews the draft document and advises the HC with regard to the documents finalization.

47. The standard allocation document outlines;
    - The humanitarian context in Somalia and priority humanitarian needs for this standard allocation.
    - Criteria for the allocation of SHF funds.
    - The allocation of funding envelopes to priority districts and clusters, with guidance to cluster review committees for the prioritization of HRP projects
    - Specifies the amount of funding that is kept as an emergency reserve
    - A timeline for the standard allocation process

48. Once the HC has officially launched the standard allocation process by publishing the allocation document, clusters, within the funding envelope that is allocated to them, identify priority projects that they recommend for SHF funding. Each cluster establishes a permanent cluster review committee (CRC) with equitable representation of national NGOs, international NGOs and UN agencies, plus the cluster coordinator and co-chair. OCHA Somalia HFU supports the work of the CRC as an observer.

49. The project prioritization process consists of three sub-steps:
    - Interested organizations are invited to submit their HRP projects (or subsets thereof) to the cluster coordinator, through the GMS.
    - The cluster coordinator consults regional cluster focal points that are based in Somalia for their inputs on humanitarian activities needed in particular regions and their comments on the proposals submitted for the region they cover. In particular, cluster coordinators should consult regional cluster representatives in areas that are identified as a priority in the standard allocation document.
    - Cluster review committee meets to review the submitted proposals and, taking into account the inputs from regional cluster representatives, prioritizes proposals for SHF funding within the envelope that has been apportioned to the cluster. The CRC may ask organizations to modify or clarify their proposals. The cluster is responsible for a technical review of projects, while OCHA conducts a procedural review to ensure compliance with the guidelines. The cluster coordinator summarizes the recommendation of the CRC and lists the recommended projects on the SHF scoring sheet, ensuring that the views of all CRC members are reflected. The draft scoring sheet is shared with all cluster members for comments, finalized, and submitted to the Humanitarian Financing Unit at OCHA. In addition to projects that clusters prioritize and recommend for funding, they rank other projects that have been submitted in order of priority.

50. When prioritizing projects, the CRC ensures that the following criteria are respected:
    - Recommended funding is strategic and concentrated on the highest-priority projects as defined in the allocation strategy document, rather than funding a large number of projects that would receive a small amount each.
    - Funding responds to the greatest and most immediate needs.
    - Selected projects help achieve the strategic priorities and cluster objectives as specified in the HRP. Projects that are ranked as 'high' in the HRP and that score high on the gender marker (2a, 2b) should be prioritized. HRP projects are prioritized.

- Organizations and their implementing partners have the capacity and expertise to implement projects, have a good record, are represented in the cluster's 3W matrix, and are present in the project area in Somalia.
- Projects can be implemented within 12 months. (In exceptional cases, organizations can request a no-cost extension of up to an additional six months.)
- To reduce overhead costs, pass-through arrangements, where organizations simply pass on funding to their implementing partner organization without providing any meaningful guidance, coordination, technical advice, monitoring and evaluation capacities or any other function of additional value, are not eligible for funding. Direct implementation of SHF-funded projects in Somalia, rather than through an implementing partner organization, is encouraged as a means to minimize costs and strengthen national partners.
- Organizations have confirmed in their SHF proposal that they do not have any unfulfilled reporting obligations to the Fund, and that they are able to produce an external audit or financial certificate that is not older than 18 months.
- The organization has a valid bank account capable of receiving foreign currency by wire transfer.
- Clusters may develop additional, cluster-specific criteria, which should be shared with cluster members.

51. Project review and approval: The Humanitarian Financing Unit in OCHA reviews the list of the projects that clusters recommend for funding, as well as the project documents, to ensure that they comply with all requirements and provide all necessary information. OCHA may ask clusters or organizations to clarify or modify proposals. OCHA may consult relevant agencies for technical advice. In case of cross-cluster proposals, OCHA may convene a meeting between the concerned cluster coordinators to avoid overlap and ensure a coordinated response. If all requirements are fulfilled, OCHA submits all prioritized projects to the HC, who makes a final decision. S/he (a) approves projects, (b) requests the relevant cluster for revisions or clarifications, or (c) rejects proposals. The HC, supported by OCHA, publishes the final list of projects to be funded on the SHF website, shares it with the humanitarian community, and instructs disbursement of funds to participating UN organizations and to NGOs.

52. In case the HC does not approve one or several of the projects recommended by the cluster, the next-ranked project(s) on the scoring sheet is considered for funding. Thus, clusters do not need to reopen the process for new submissions. The cluster funding envelope does not change.

53. Table 1 provides a snapshot of the workflow for the standard allocation.

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

Step	Activity	Responsible	Time required
Step 1 Launch of allocation	**1.1** Development and launch of Allocation Strategy	* Clusters/ICCG * OCHA * HC * AB	10 working days
Step 2 Submission of proposal	**2.1** Submission of full project proposal through the GMS	* IP	7 working days
	2.2 General check by HFU (eligibility of partner in case of suspension, etc.)	* OCHA HFU	Concurrent
Step 3 Strategic review	**3.1** CRC reviews projects in their respective clusters using a scoring sheet and finalizes shortlist for recommendation to the HC.	* CRC * OCHA HFU	5 working days
Step 4 HC preliminary approval and AB consultation	**4.1** Shortlisted projects are reviewed by HFU for risk compliance.	* HC * OCHA HFU	1 working day
	4.2 Projects approved by HC are shared with AB for consultation (AB has one working day to object or comment)	* AB * OCHA HFU	1 working day
Step 5 Technical and financial review	**5.1** Technical and Financial review: CRCs conduct revision rounds to improve quality of proposals.	* CRC	5-10 working days
	5.2 Financial review and budget clearance.	* OCHA HFU * OCHA Finance	10 working days
	5.3 Consolidation of financial and technical comments and submission to partners	* OCHA HFU	
	5.4 Revision of proposal – max 3 times	* IP	
Step 6 Final HC approval	**6.1** HFU prepares draft Grant Agreement and decides start date in consultation with partner	* OCHA HFU	2 working days
	6.2 HC approves project and signs Grant Agreement; approved projects are shared with the AB for information	* HC	1-2 working days
	6.3 Grant Agreement is shared with IP for counter-signature (date marks start of eligibility, and earliest possible date for start of project implementation)	* IP	1-2 working days
	6.4 Grant Agreement is signed by OCHA EO	* OCHA Finance * OCHA ASB	2 working days
Step 7 Disbursement	**6.1** Following OCHA EO signature, first tranche of funding is disbursed to the partner	* OCHA Finance	10 working days

4.2. Reserve allocation

4.2.1   Strategy and workflow

54. The reserve allocation is intended for rapid and flexible allocation of funds in the event of unforeseen circumstances, emergencies, or contextually relevant needs. The reserve will be used to provide an immediate response in areas not within the HRP as well as regions with highest needs not prioritised in the standard allocation. Reserve allocations are designated to be quicker than the standard allocation process. Proposals can be accepted either on a rolling basis, and are considered on a first-come-first-served basis, or based on the decision of the HC to trigger a reserve allocation. The necessity and size of the reserve allocation will be decided by the HC and the Advisory Board.

55. The key requirements for funds allocation through the emergency reserve are:
    - The response is life-saving and/or a core emergency humanitarian response: The project will remedy, mitigate or avert direct loss of life, physical and psychological harm or threats to a population or group and/or protect their dignity. This may include common humanitarian services that are necessary to enable life-saving activities and interagency assessments in case of sudden onset disasters.
    - The response is time-critical: Necessary, rapid and time-limited actions and resources that are required to minimise additional loss of lives and economic assets.

56. The following interventions can therefore not be funded through the emergency reserve:
    - Preparedness- activities and measures taken in advance to ensure effective response to hazards, including regular stockpiling or pre-positioning of relief goods as a
    - Prevention – activities to avoid and/or minimize effects of environmental or biological disaster. This does not exclude activities in response to an ongoing emergency.
    - Disaster risk reduction- the conceptual framework to minimize vulnerabilities and disaster risks
    - Early warning – the provision of timely information through identified structures in order to avoid risk and prepare for effective response.
    - Regular assessments, evaluation, profiling and other data collection or data generation activities

57. Project proposals can be submitted to the reserve at any time. To mobilise a response to a particular emergency, the HC, supported by OCHA, may also solicit proposals. In case of a large emergency or a need for a multi-cluster response, OCHA together with the clusters, coordinates the submission of several proposals to the emergency reserve.

58. The recommended minimum limit for reserve projects is $100,000, with exceptions to be determined by the HC. Project implementation should be implemented within a maximum of 12 months.

59. Cluster coordinators review proposals directly or share them with the members of the CRC for comments. The cluster coordinator can decide to (a) recommend the project for funding, (b) ask for a revision and resubmission of the proposal to the cluster or (c) reject the funding request. Once recommended by the relevant cluster, OCHA reviews submissions to the emergency reserve to ensure that all criteria are met. OCHA may ask for revisions or

clarifications, or forward to the HC. The HC considers proposals based on the recommendation of the relevant cluster and OCHA, and makes the final decision.

60. Steps of the reserve allocation process
- Submission of projects and review of strategic relevance
- Technical and financial review
- Final approval by the HC
- Disbursement

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

Step	Activity	Responsible	Time required
Step 1 Submission of proposal	**1.1** Submission of proposal	* IP	
	1.2 General check by HFU (eligibility of partner in case of suspension, compliance with template, duplication of proposal, etc.)	* OCHA HFU	1 working day
	1.3 Clusters review of strategic relevance	* Cluster coordinator * OCHA HFU	2 working days
Step 2 Technical and financial review	**2.1** Technical and Financial review	* Clusters/CRC * OCHA HFU	
	2.2 Financial review and budget clearance	* OCHA Finance	5-10 working days
	2.3 Consolidation of financial and technical comments and submission to	* OCHA HFU	
	2.4 Revision of proposal - max 3 times	* IP	
Step 3 Final approval by HC	**3.1** HC approves project	* HC	2 working days
	3.2 HFU prepares draft Grant Agreement and decides start date in consultation with partner	* HFU	In parallel with above
	3.3 HC signs Grant Agreement	* HC	2 working day
	3.4 Grant Agreement is shared with IP for counter- signature (date marks start of eligibility, and earliest possible date for start of project implementation)	* IP	2 working days
	3.5 Grant Agreement is signed by OCHA Executive Office	* OCHA Finance * OCHA ASB	2 working days
Step 4 Disbursement	**4.1** Following OCHA EO signature, first tranche of funding is disbursed to the partner	* OCHA FCS Finance Unit	10 working days

4.3. Start date and eligibility of expenditure

61. The HFU will liaise with the implementing partner to determine the start date of the project. The earliest possible start date of the project is the date of signature of the grant agreement by the partner. The agreed upon start date will be included in the grant agreement. If the signature of the grant agreement occurs after the agreed upon start date, the date of the

signature of the grant agreement takes precedence. The HC can then sign the grant agreement.

62. 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 Unit in New York for the final signature. Eligibility of expenditures will be determined by the date of implementing partner's signature of the grant agreement.

4.4. Project proposal submission

63. All project proposals should be submitted via the GMS on the due date outlined in the allocation paper and/or communicated by the SHF management. Late project proposals will not be accepted. GMS registration is obligatory for all eligible partners prior to the project proposal submission.

64. Project proposals should be prepared in line with the strategic objectives of the HRP and the allocation paper. This needs to be supported by clear log frames with outcomes, outputs, SMART indicators and detailed activities.

65. Projects should be aligned with the HRP and should include the relevant HRP codes.

4.5. Budget preparation

66. All project proposals must have a detailed budget outlining all the project related expenditures under relevant budget lines.

67. Budget proposals must reflect the correct and fair budget breakdown of the planned costs and clearly outline units, quantities and percentages. Partners should avoid including only lump sum amounts and provide bill of quantities (BoQs) or budgetary breakdowns including list of items and costs per item to total the unit cost for planned expenditures.

68. Provide a budget narrative that clearly explains the object and the rationale of any budget line. For example, shared costs, large/expensive assets and costs/equipment required to support the regular operation of the implementing partner, are clear cases where the provision of details will be necessary in the budget narrative. See Annex 2 of this Operational Manual for a detailed budgetary guidance.

4.6. Disbursement policy

69. The number and frequency of disbursements to a partner is determined by the Fund's Operational Modalities (see *Table 5* of this Operational Manual):
   - Type of implementing partner (i.e. UN agency, NGO).
   - Partner risk level (for NGOs).
   - Value of the project.
   - Duration of the project.
   - Project location.

70. The first instalment is disbursed within 10 working days of the final signature on the contract by OCHA Executive Officer.

71. Subsequent instalments are to be disbursed upon presentation of evidence that at least 70 per cent of the preceding instalment has been utilized. The partner will submit a financial statement reflecting the expenditure to date. The partner may be requested to provide supporting documentation for a sample or all of the reported expenditure. The HFU may apply other means such as financial spot check, monitoring reports, review of narrative reports and independent audit as assurance mechanisms on the expenditure reported. The results of these verification means, if undertaken, will be used to determine the release of subsequent instalments.

4.7. Grant duration

72. Implementation of projects funded by the SHF should not exceed twelve (12) months from the project start date as indicated in the final approved project documents. Project pre-financing will be limited only to the budgeted costs (of the approved project proposal) incurred in the interim period between the project's approval start date (first possible start date is the date when the HC and the Partner have both signed the Grant Agreement) and the date of actual cash disbursement to the recipient project.

73. If necessary, implementing partners can request project revisions and/or no-cost extension to re-program and/or extend the duration of the grant.

4.8. Revision requests

74. Significant 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. Variations of all forms must be brought to the Fund manager's attention with clear and strong justification. Revision requests need to be supported by cluster coordinators and approved by the HC.

75. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the justification provided.

76. Project modification requests can be approved by OCHA HoO, if delegated by the HC.

77. Implementing partners are authorized to make budget variations not exceeding fifteen (15) per cent on budget categories of the approved project budget. However any cost increase to the "Staff and other Personnel Costs" category should be approved in writing by OCHA. Any variations exceeding 15 per cent on any one budget category shall be subject to prior consultations with OCHA and approval by the HC.

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

79. Revision requests are submitted and processed through the GMS.

5.   SHF Accountability Framework

80. The management of the SHF is based on a risk-based approach to ensure that a thorough analysis of risks has been undertaken and that adequate assurance modalities are identified to mitigate these risks (see Annex 2 – SHF risk analysis and mitigation matrix). Due diligence activities and a comprehensive capacity assessment is undertaken at the level of the project. The framework is a living document that should be updated as the changing context may require.

81. The SHF Accountability Framework consists of four interlinked pillars which include partner capacity assessments and performance management; field and remote monitoring; reporting and project audits.

5.1.   Partner capacity assessments

82. The main objective of conducting a capacity assessment of partners is to ensure better fund management and improve the effectiveness of the SHF by:
    - Acquiring a portfolio of eligible implementing partners to receive resources from SHF
    - Shifting from a control-based approach to a risk-based management approach that mitigates risks.
    - Identifying partner capacity gaps that need to be addressed.

83. Partner capacity assessment rounds are initiated by the Fund's Managing Agent upon endorsement by the HC and AB. Individual capacity assessments can also be initiated on a rolling and needs basis. The criteria for the selection of partners for capacity assessment are determined by the Humanitarian Coordinator with the SHF Advisory Board.

84. Step one of the process includes the identification of partners to be assessed and is, usually, compiled by OCHA Somalia HFU, in consultation with individual cluster coordinators.

85. Due diligence is the second part of the capacity assessment process (step two – pre-assessment). Partners must provide information requested on due diligence to qualify for capacity assessments (phase 2) as and when a capacity assessment is conducted. Partners that are already eligible need to update the relevant organizational information and documents on focal points, registration certificates, and banking details on a regular basis in the GMS. Any missing or inaccurate information in the due diligence component may prevent a partner from being considered for funding and can cause delays in the overall SHF allocation and contracting process.

86. Step three of the assessment is a detailed, field-based capacity assessment conducted by an independent contractor on behalf of OCHA.

87. The outcome of the capacity assessments determines partners' risk levels. The partner risk level is a dynamic rating that can change over time. Performance in the implementation of SHF projects can trigger changes in the risk level: timeliness of reporting, achievement of project objectives and targets, findings of audits, financial spot-checks, third party call centre and field monitoring, are all elements that influence the risk rating of partners.

88. The capacity assessment aims to determine whether an NGO has a sufficient level of institutional, managerial, financial and technical capacity to be considered for eligibility using a standardized assessment process. Therefore the following is assessed for each partner: organizational information (10 per cent), technical capacity (15 per cent), funding (5 per cent), coordination and partnerships (5 per cent), financial management (30 per cent), human resources (10 per cent), logistics (15 per cent) and monitoring and evaluation (10 per cent).

89. The threshold of eligibility is determined in consultation with the Advisory Board, based on the capacity assessment results for respective partners. In addition, other relevant and credible information from other sources may also be considered alongside the capacity assessment.

90. Using a scoring and weighting system an overall 'score' will be given to partners/organizations. Eligible partners, based on the individual score obtained during the assessment, will be categorized in three risk-level categories (low, medium, high, high-conditional), shown in Table 1, Partner Risk Levels.

Table 3: Risk Levels based on Capacity Assessment Scoring Results

Score	Status
80 – 100	Organisation is eligible as a Low Risk partner.
65 – 79.99	Organisation is eligible as a Medium Risk partner.
50 – 64.99	Organisation is eligible as a High Risk partner.
40 – 49.99	Organisation is conditionally eligible as a High Risk partner (can receive funding upon demonstrating improvements)
0 – 39	Organization remains ineligible.

91. The score will also determine the appropriate operational modalities and control mechanisms (Annex 2, Operational Modalities and Control Mechanisms for NGO Partners) that will be applicable to them, including the disbursement modalities, frequency of narrative and financial reporting, and prioritization of monitoring visits, and maximum budget amount of the projects relative to duration.

5.2. Performance management

92. Alongside the partner capacity assessment, continuous performance assessment, analysis and rating form additional assurance in mitigating the risk associated with the respective partner. In this regard project monitoring, audit and reporting (substantive and financial) provide factual information on quality and success of implementation that is useful in evidential value.

93. The SHF Accountability Framework identifies and aggregates the scores from the capacity assessment, audit reports and monitoring results, as well as credible external sources, thereby assigning an aggregate risk level for each partner (high, medium or low), three additional areas of assessment will be introduced namely; the quality and timeliness of submitted project document, revision requests and NCEs, and financial performance.

94. The collection, analysis and management of required information is undertaken through various methodologies that coincide with the respective pillars of the Framework mainly monitoring, reporting and auditing.

5.3. Monitoring

95. Monitoring of partners' projects is applied in accordance with the monitoring plan that is developed for each allocation of funds. The risk level of the partner, the standard activities embedded in the projects and the project locations factor in the prioritization of projects for the monitoring plan.

96. Monitoring activities are meant to verify the implementation level of partners' projects and qualitative aspects of interventions and is conducted remotely through a call-centre and through field visits. As such, invaluable experience and lessons gained through the previous monitoring exercises as well as technical consultations with respective stakeholders led to the review of initially proposed methodologies.

97. As a result the following are the current types of monitoring undertaken by Somalia's CBPF:
   - Third party monitoring for non-accessible areas
   - Remote Call Monitoring
   - GPS enabled mobile phone photographic monitoring
   - RMU spot checks
   - Field visits (OCHA, cluster staff)

98. The guiding principle behind the selection of the above methods is to avoid duplication of M&R efforts and promote synergy among the Implementing Partners (IPs). As a consequence, OCHA Somalia encourages and expects the respective IPs to conduct their own conventional monitoring of all funded projects and maintain related records as good project implementation practice towards accountability.

99. For each funding instance a monitoring plan is developed, specifying the type (s) and frequency of monitoring to be applied on selected funded projects. The basis of this plan in informed by the partner risk level, project duration, type of activity and the location of the project. The type of monitoring tools in the monitoring plan should be able to satisfy the minimum standards set out in the operational modalities.

5.3.1   Third party monitoring (TPM)

100.   The main focus of third party monitoring is to verify that contracted activities are being implemented and associated outputs are delivered. Therefore, TPM should be considered when access is limited in areas of operation, which enables to obtain independently verified information about the status of implementation of projects (mainly in high risk areas), with particular emphasis on the achievement of project outputs. Key components of the methodology include desk reviews of available fund-related documentation (e.g., project proposals and any other relevant information/documentation) and at least one field visit per project including interviews with key stakeholders, elders and beneficiaries.

101.   Based on the above documents, the analysis takes into account the expenditure rates per partner, the average of accomplishment of indicators based on monitoring reports per project using the SHF third party monitoring template. As such, verification of implementation also involves the scrutinising of relevant project documents such as M&E plans, beneficiary registers and contact lists, copies of vouchers etc. as well as taking of GPS tagged photos of created assets and goods distributed. ,

102.   During the field visit, the focus is on project activities, inputs and outputs targeted in the project document, while consulting the direct beneficiaries, people from the area who did not directly benefit from the project, staff from the recipient agency that received SHF funding and, if applicable, it's implementing partners, other aid agencies working in the same area and local authorities.

103.   For this monitoring, a standard template has been developed at the global level for use during field visits by OCHA staff. However, OCHA Somalia has modified the template further to provide for collection of additional qualitative information by third party monitors.

5.3.2   Remote call monitoring (RCM)

104.   The ability to visit project sites either by OCHA staff or even Third Party Monitoring (TPM) teams is dependent on access of the respective project locations as well as coordinated timing between the visit and achievement of important milestones in project activities. In using the remote call monitoring (RCM), these challenges are overcome as the calls can be scheduled in a more flexible manner to ensure all beneficiaries, including those in inaccessible areas are reached while also targeting activities reportedly completed by the implementing organization.

105.   Remote call monitoring also serves as a cost-effective means of collecting statistics and recording observations from key informants and beneficiaries on progress made on project outputs and satisfaction. Notably, this type of monitoring should 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.

106.   The flexibility of RCM means that call centres can be established in safe locations with the sole purpose to conduct telephone interviews with key informants using structured multiple choice questionnaires. Capturing of collected information directly in a web-based platform hosted by the call centre operator using validation logic is useful in providing real-time progress information on projects monitored that would then be shared with HFU.

107.   Remote call monitoring process:
- Telephone interviews are conducted with key informants, using structured multiple choice questionnaires guided by a decision tree developed by OCHA Somalia in consultation with Cluster representatives.
- Lists of phone numbers are provided by OCHA Somalia through their implementing partner;
- Interviews are captured directly in a web based platform hosted by the Call Centre Operator using validation logic;
- Real time progress on the assignment through the web based platform is provided;
- Rate of feedback from beneficiaries in liaison with OCHA Somalia is provided;

- Reports for each project, stating observations and statistics on respondents' replies to questionnaires are prepared.

108.   To develop this application, a list of key informants to be contacted is identified. Subsequently, for each of the informant type and cluster, the SHF (in consultation with the respective cluster leads) uses the specific questionnaires including a core questionnaire for each informant as well as specific questions depending on the type of informants and clusters. Every implementing partner is required to provide the requested contact lists of beneficiaries per project, when requested by the HFU/SHF.

109.   Prior to any call campaign, implementing partners provide contacts of the key informants using the beneficiary contacts template. HFU/SHF identifies the key activities to be monitored and also determines the number of key informant contact details to be collected.

5.3.3   GPS enabled mobile phone photographic monitoring[1]

110.   A mobile application designed for OCHA Somalia has been developed on the Open Data Kit (ODK) for use by SHF partners to monitor project implementation by taking photos to capture periodic progress of selected activities. The uploaded photos and associated caption information serves to supplement (and not replace) other types of monitoring by providing progressive photographic evidence of on-going and completed project activities.

111.   Importantly, the ODK is a suite of tools that allows data collection using mobile devices and data submission to an online server, even without an Internet connection or mobile carrier service at the time of data collection. The basic requirements for the mobile device include:
- A smartphone running on Android operating system
- Camera; at least 5 megapixels
- GPS capability
- At least 2GB free storage memory

5.3.4   RMU spot checks

112.   The complex nature of the Somalia operation requires several project monitoring approaches to be readily available for use depending on the prevailing conditions. In this regard the Risk Management Units (RMU) project spot checks has been identified as an alternative approach in cases where it is not possible to conduct any other type of field monitoring as well as to provide supplementary implementation information for triangulation purposes.

113.   Considering that this type of monitoring is conducted on a case by case basis, the tools are therefore designed to answer specific questions important to verify implementation milestones and/or achievements as reported by the NGO in a specific project. The roll out of the spot check is therefore a consultative exercise, where OCHA develops the verification

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[1] The cost outlay of this type of monitoring to OCHA is only limited to financing the purchase of an Android enabled smart phone.

protocols and coordinates the logistics while RMU conducts the field visit to identified sites to carry out the survey interviews.

114.   An analytical report based on the documented findings submitted to OCHA is used to determine the quality of implementation of the affected project in relation to other documents such as final project report, call centre monitoring report etc.

115.   The cost of this type of monitoring is restricted to the logistical services to respective project sites such as security escort, armoured vehicles and other costs as may be required by United Nations Department of Safety and Security (UNDSS) on the ground.

5.4. Reporting

116.   Reporting is one of the four key elements of the SHF Accountability Framework, involving the rigorous quality review and analysis of narrative reports submitted by NGOs at project mid-term and final. The partner provides narrative and financial reports in line with the reporting requirements stipulated in the grant agreement or otherwise agreed in the accountability framework. In addition, any constraints (e.g. financial, logistical, security) that lead to significant changes to the project have to be communicated to the HC and/or OCHA immediately.

Table 4: SHF Reporting Requirements for NGO Implementing Partners

Programmatic/substantive Reporting: Quantitative and Narrative[2]	*Financial Reporting*
Quantitative: reporting submitted at project midterm and final (two months after project end) Narrative: reporting submitted at project midterm and final (two months after project end)	Reporting to be undertaken upon utilization of disbursed funds and prior to application of subsequent tranche where applicable

5.5. Financial spot checks

117.   Financial spot checks are a central financial control tool used by the SHF. They aim to:
- verify the accuracy of financial records and project documentation;
- obtain reasonable assurance about the financial management of the project;
- assess the soundness of internal controls adopted by the IP and compliance with UN's Financial Regulations and Rules (FFR);
- follow-up on the recommendations from the previous audit and assessment findings;
- enhance the transparency and sound financial management of resources allocated to the IP.

118.   The frequency of spot checks is at the discretion of SHF management and may be determined based on factors such as IP risk rating, grant and tranche value, location of implementation etc. The lead time to notify a partner of the upcoming spot check depends

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[2] For shorter projects, under six months, narrative reporting will only be collected once – at the completion of the project.

on the nature of the spot check, which is performed at IP's office location. The internal SHF financial controls note provides further guidance on financial spot checks.

5.6. Audit

119.   Independent audit of all projects funded through the SHF conducted is conducted by an external audit firm and should, ideally, be triggered within three months after the completion of the project.

120.   The customized SHF project audits are designed and conducted to highlight individual management and financial findings, based on methodology developed in consultation with auditors and the previous SHF auditing practice.

121.   SHF audits are conducted in accordance with the International Standards on Auditing (ISA), at locations determined by factors such as implementation, partner risk levels, and security and access considerations. A separate audit report is issued for each project, containing the audit findings and pointing to the areas that need to be addressed by the partner in order to improve its capacity and performance. The audit findings taken into consideration when the partner risk levels or future operational modalities are adjusted.

5.7. Operational modalities

122.   The information about partners obtained through the SHF Accountability Framework tools, but also through other credible sources, is used to inform decisions on partner engagement modalities. In addition to partner risks level and performance indicators, location risk analysis is consistently used to determine the applicable assurance modalities.

123.   The location risk analysis entails two categories:
- Low or medium risk, and high and medium access locations that are either fully accessible for implementation and internal monitoring; or accessible under certain conditions.
- High risk and low access locations which are not accessible for internal monitoring, where there exists and a high risk of non-implementation and where only remote monitoring techniques can be applied (call centre or third party monitoring).

124.   In combining these variables (partner and location risks), suitable project follow up activities can be added to the funding tranche modality to ensure the risk mitigation measures adjusted to different projects. The analysis of the risks associated with each project and the review of partner-proposed mitigation measures serve as a basis for determining the type, timing and frequency of monitoring, reporting and audits (as per the SHF Operational Modalities, Table 5).

Table 5: SHF Operational Modalities (May 2017)

Risk level	Project duration (months)	Project value (thousand USD)	Max amount per project (thousand USD)	Disbursement (% of total)	HIGH RISK LOCATIONS Disbursement (% of total) *	Financial reporting**		Narrative reporting		Monitoring	Spot-check	Audit
						Progress	Final	Progress	Final			
High	Less than 7	< 250		60-40	40-40-20	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		> 250	500	50-50	No funding	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Between 7-12	< 250		40-40-20	40-30-30	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		> 250	800	40-30-30	No funding	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Medium	Less than 7	< 250		100	60-40	Yes	Yes	Yes	Yes	Yes	-	Yes
		> 250	700	80-20	40-30-30 (max 500)	Yes	Yes	Yes	Yes	Yes	-	Yes
	Between 7-12	< 250		80-20	40-40-20	Yes	Yes	Yes	Yes	Yes	-	Yes
		> 250	1,200	60-40	40-30-30 (max 800)	Yes	Yes	Yes	Yes	Yes	-	Yes
Low	Less than 7	< 400		100	60-40	Yes	Yes	No	Yes	-	-	Yes
		> 400		80-20	40-30-30 (max 500)	Yes	Yes	No	Yes	-	-	Yes
	Between 7-12	< 400		100	40-40-20	Yes	Yes	Yes	Yes	-	-	Yes
		> 400		80-20	40-30-30 (max 800)	Yes	Yes	Yes		-	-	Yes
					* See Annex 1 that includes the Location Access Risk Map.	** In complementarity with reporting requirement upon disbursement.						

5.8. Sanctions measures

125.   Through the aforementioned accountability mechanisms, the HC aims to safeguard programmatic and financial management of the SHF. Sanction measures of increasing severity enable the HC to address different levels of non-compliance with the legal terms agreed between the Fund and the recipient organization.

126.   NGO performance is monitored continuously and rated as indicated in section 5.2. An NGO with consistently low performance will no longer be eligible for SHF funding.

127.   Separately from performance monitoring and rating, all implementing partners will be sanctioned if any of the following apply:
*   Violation of humanitarian principles and breaking codes of conduct (wider than SHF).
*   Indication or confirmation of fraud, corruption or misuse of funds.
*   Critical (high risk) audit findings/qualified audit opinion.
*   Non-refund of unspent and/or ineligible funds.
*   Overdue financial or narrative reports.
*   Non-compliance with agreed programmatic focus and implementation.

5.9. Complaint and feedback mechanism

128.   Stakeholders with insufficiently addressed concerns or complaints regarding the SHF processes or decisions should first contact SHF Manager (kovacm@un.org).

129.   If after discussion the concerns remain or if the concern can for any reason not be raised with the SHF Fund Manager, stakeholders can at any point in time bring it to the attention OCHA Somalia senior management through the email shf-feedback@ochasomalia.org.

130.   OCHA senior management will assess the issue raised and bring it to the attention of the HC, OCHA HFU or any other relevant entity.

5.10.   Additional information

131.   Relevant policies and guidelines pertaining the management of SHF can be found on the Fund's website at www.unocha.org/somalia/shf.

132.   GMS grant management support and guidance is available at gms.unocha.org/support.

133.   Real time funding information is available at gms.unocha.org/bi.

134.   Contacts: shfsomalia@un.org or individual email addresses published on the SHF website.

6. List of Annexes (with links)

Download the entire package (ZIP archive)
https://docs.unocha.org/sites/dms/Somalia/SHF%20Operational%20Manual.zip

Annex 1 – SHF Risk Analysis and Mitigation Matrix [includes location risk levels] (May 2017)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex01.pdf

Annex 2 – Budget Guidance (a, b)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex02.pdf

Annex 3 – Financial reporting guidelines
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex03.pdf

Annex 4 – Principles guiding SHF allocations (2017)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex04.pdf

Annex 5 – List of eligible partners (May 2017, latest version at www.unocha.org/somalia/shf/partners)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex05.pdf

Annex 6 – Capacity Assessment Questions and Answers (April 2017)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex06.pdf

Annex 7 – CRC report template
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex07.pdf

Annex 8 – List of Advisory Board members (May 2017)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex08.pdf

Annex 9 – SHF Visibility Guidance (May 2017)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex09.pdf

Annex 10 – Due diligence guidance (May 2017)
https://docs.unocha.org/sites/dms/Somalia/SHF_OM_Annex10.pdf

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