

Policy Paper
South Sudan Common Humanitarian Fund
2012 First Round Allocation
FINAL
05 March 2012

1. This paper outlines the allocation strategy and guidance for the first round of the 2012 Common Humanitarian Fund for South Sudan.
2. In light of the delay in establishing the CHF and the sharp increase in urgent humanitarian needs, the Advisory Board met in mid February to consider options for the first round. After reviewing conditions, the Board recommends that the procedures for standard allocations are followed but that the time-line for doing this is reduced significantly to ensure that funding is available for front-line partners before the rains cut-off access and increase the cost of delivery.
3. This paper includes an analysis of the humanitarian situation in South Sudan and the status of the funding of the humanitarian response following the recent CERF allocation of USD 20 million against the 2012 CAP. The paper recommends the strategy for the allocation of a funding envelope of USD 44 million for this round, including the CHF reserve.
4. At its meeting on 05 March, the Advisory Board agreed that a reserve should be kept to enable the Humanitarian Coordinator to allocate funds in the event of unforeseen needs e.g. natural disasters, displacement, disease outbreaks, arising outside the CHF standard allocation. A CHF reserve of 18% is recommended to provide rapid response to unforeseen needs. Projects outside the South Sudan CAP will be eligible for allocation of funds from the reserve upon meeting requirements set out in the CHF guidelines.

Humanitarian Context

5. **The humanitarian situation in South Sudan is deteriorating sharply** due to the combination of political-economic shocks, increased conflict and displacement and worsening food insecurity. Following the signing of a memorandum of understanding between the Governments of Sudan and South Sudan in mid February, the possibility of a mass return movement from Sudan involving as many as 300,000 - 500,000 before early April is now likely. These factors have compounded existing vulnerabilities, putting millions of South Sudanese at extreme risk during the first year of statehood. While heightened political tension with Sudan continues to generate high influxes of returnees and refugees, inter-communal violence is one of the main driver of displacement and loss of livelihoods.
6. **The likely austerity measures which will follow the Government's decision to suspend oil production** will almost certainly generate additional humanitarian needs on a mass scale. During a visit to South Sudan in early February, the UN Emergency Relief Coordinator, Ms. Valerie Amos, warned that the number of people requiring assistance is rising quickly and unless additional financial support is provided, the capacity of humanitarian organizations to respond will soon be outweighed by needs.
 - **Mass Returns.** Although discussions are continuing, to date there has been no extension of the residency arrangements in Sudan for South Sudanese, due to expire on 8 April. The recently signed memorandum indicates that up to 300,000 people are expected to return before the rainy season begins. Already, 110,000 South Sudanese are registered to return and over 10,000 are in Kosti awaiting onward transportation.

Despite the urgency of the situation, at present, no funding has been secured for the return movement. Without support, hundreds of thousands of South Sudanese will be highly vulnerable while moving. Many, particularly those without assets, are likely to be stranded, onward transportation will be overwhelmed, and early support will be negligible.

The Emergency Return Sector, led by IOM and UNHCR, has elaborated a contingency plan including transport arrangements and the establishment of large transit camps and reception centres. After arriving, returnees will find themselves in communities with virtually no social services and limited opportunities to earn a living.

- **Refugees.** More than 100,000 refugees from South Kordofan and Blue Nile states in Sudan have fled across the border into South Sudan into Unity and Upper Nile States. This is already more than the total number of refugees anticipated in the CAP for 2012 and more refugees are expected to arrive fleeing military activities and restrictions placed on aid operations in the two states. With only minimal funding received for the year, on 10 February UNHCR issued an urgent appeal for an additional USD 145 million to help support 185,000 refugees fleeing fighting in Sudan's Blue Nile and South Kordofan states into Ethiopia and South Sudan.
- **Internally Displaced.** Inter-communal conflict in Jonglei, Unity, Warrap and Lakes states, and along the border between Lakes and Western Equatoria and in parts of Eastern Equatoria, continues to be the main cause of internal displacement, destruction of property and loss of livelihoods. Over 160,000 people, more than 50 percent of the projected annual caseload, were affected by inter-communal violence in the first six weeks of 2012. Violence caused by rebel militia groups also continues, particularly in Northern Jonglei, Upper Nile and Unity states, with spill over into Warrap State, Western Equatoria and Western Bahr el Ghazal.
- **Food Insecurity.** According to the recently released Crop and Food Security Assessment Mission (CFSAM), 4.7 million people are likely to face food shortages in 2012, including at least one million who will be severely food insecure and 3.7 million who will need help to avoid slipping into the 'severe food insecurity' category. This is an increase of 1.5 million compared to last year. Assessments indicate that the cereal deficit is likely to reach 470,000 MTs, equal to half the country's cereal requirement for the entire year. In Jonglei, Unity, Upper Nile and Northern Bahr el Ghazal states, the deficit is expected to reach a staggering 70 percent. Border closures by Sudan since last May have pushed the cost of basic commodities higher than most destitute households can afford. This is particularly the case in the five border states, which are highly dependent on trade with Sudan, where food stuffs and other essentials are 200-300 percent higher than last year.
- **Austerity Measures.** The shutdown of oil production is expected to put enormous pressure on the economy and, unless mitigation measures are put in place, could push millions into destitution. In January 2012, the Government of the Republic of South Sudan decided to shut down oil production following the failure to reach agreement with the Government of Sudan on oil revenue-sharing. With 98 per cent of South Sudan's revenues derived from oil production, the Government's expected austerity measures will have a significant impact on the economy, deepening poverty and fuelling insecurity.

Humanitarian Priorities

7. **As described in the 2012 South Sudan Consolidated Appeal**, humanitarian response is organized around the following over-arching priorities:
 - *Responding to emergencies as quickly as possible* by conducting multi-agency need assessments, pre-positioning pipelines, securing alternative supply routes, upgrading access routes, mapping at-risk populations and response capacity, mobilizing emergency logistics support, and synchronizing the delivery of core pipelines and monitoring for quality service delivery.
 - *Reducing food insecurity* by significantly improving the use of innovative delivery modalities (safety nets).
 - *Maintaining front-line services* such as health, nutrition, WASH, food security and emergency education in —hotspot areas until other delivery, regulatory and funding mechanisms are in place.
 - *Ramping up support for returnees* by providing timely transport and life-saving, cost-effective services during transit by a commitment to coordinate and advocate with the Government and partners to develop a clear strategy to activate reintegration plans.
 - *Strengthening protection* for at-risk populations by helping to address grave human rights violations, reunify children separated from their families, release children from association with armed groups and reduce and respond to gender-based violence.
8. **At a special session in mid February following the mission of the ERC**, the Humanitarian Country Team discussed the deteriorating situation and agreed on the following immediate funding priorities for the three-four months before the rains start:
 - pre-positioning of the food pipeline

- pre-positioning of the other core pipelines
- refugee assistance and protection
- logistics
- front-line services in “hot spot areas” (Unity, Warrap, Upper Nile, Jonglei ,Northern Bahr El Ghazal and Lakes states).

Humanitarian Funding

9. As of 05 March, the South Sudan CAP is 19 percent funded¹. The table below outlines the current funding of each cluster. The table reflects funding received, including the USD 20 million CERF allocation. All figures are in US dollars.

| | Original requirements A | Revised requirements B | 2011 CAP Carry-over C | Funding ² D | Total resources available E=C+D | Unmet requirements B-E | Percent Covered E/B |
|---------------------|----------------------------|---------------------------|--------------------------|---------------------------|------------------------------------|---------------------------|------------------------|
| CCS | 13,131,462 | 13,131,462 | 0 | 64,599 | 64,599 | 13,066,863 | 0% |
| EDUCATION | 37,781,378 | 37,781,378 | 0 | 0 | 1,848,988 | 37,781,378 | 0% |
| ETC | 4,150,813 | 4,150,813 | 0 | 266,667 | 266,667 | 3,884,146 | 6% |
| FSL | 193,824,974 | 193,824,974 | 0 | 91,181,302 | 91,181,302 | 102,643,672 | 47% |
| HEALTH | 101,899,772 | 101,899,772 | 0 | 3,543,179 | 3,543,179 | 98,356,593 | 3% |
| LOGISTICS | 52,764,584 | 52,764,584 | 0 | 8,424,389 | 8,424,389 | 44,340,195 | 16% |
| MINE ACTION | 49,553,108 | 49,553,108 | 0 | 2,748,362 | 2,748,362 | 46,804,746 | 6% |
| MULTI CLUSTER (ERR) | 81,061,496 | 81,061,496 | 0 | 3,010,721 | 3,010,721 | 78,050,775 | 4% |
| NFI | 18,759,521 | 18,759,521 | 0 | 2,599,030 | 2,599,030 | 16,160,491 | 14% |
| NUTRITION | 74,176,857 | 74,176,857 | 0 | 22,969,174 | 22,969,174 | 51,207,683 | 31% |
| PROTECTION | 62,990,940 | 62,990,940 | 0 | 2,327,510 | 2,327,510 | 60,663,430 | 4% |
| WASH | 73,097,600 | 73,097,600 | 0 | 2,986,487 | 2,986,487 | 70,111,113 | 4% |
| TOTAL | 763,192,505 | 763,192,505 | 0 | 141,432,036 | 141,432,036 | 621,760,469 | 19% |

10. In mid February, faced with a sharply deteriorating situation and with the CHF still not established, the Humanitarian Country Team agreed to allocate USD 20 million from the Under-Funded Window of the CERF for the following core emergency pipelines and services which fall under Category A priorities: nutrition; non-food items and emergency shelter; seeds and tools; health (vaccines and essential drugs); and WASH. In addition, funding was made available to support the urgent humanitarian needs of refugees.

Allocation Strategy

11. Consistent with the two of the three categories used in South Sudan in previous rounds of the Sudan Common Humanitarian Fund, this round will focus on:

Category A Priorities: Pre-positioning of emergency life-saving core pipelines, essential common services and logistics support,

Category B Priorities: Supporting emergency safety-nets in hot-spot areas with large numbers of vulnerable people including displaced, refugees and returnees

12. In light of the allocations to Category A priorities through the CERF, it is expected that the bulk of funds allocated through the first round will be for Category B projects. First priority will be given to urgent logistics

¹ Information based on the Financial Tracking System. Does not reflect pledges.

² CAP Funding = Contributions + Commitments

projects that fall under Category A but for which there was insufficient funding through the CERF. Second priority will be given to Category B projects from the health, nutrition, protection, water and sanitation, food security and livelihoods, NFIs and Emergency shelter clusters that provide life-saving services in areas at high-risk and with high number of displaced, refugees and returnees. Within Category B, projects that provide emergency education services will also be considered a priority. For Category B projects, the disbursement of funds will be done through the standard allocation modality, the cluster defense process is therefore required.

The present allocation will not include the financial needs of the CHF South Sudan Technical Secretariat which is responsible for the management of the Common Humanitarian Fund on behalf of the Humanitarian Coordinator. While UNDP receives 1% of CHF contributions in its capacity as Administrative Agent to manage fund disbursement, OCHA does not receive a direct management programmatic fee for programmatic services. The Advisory Board agreed that the financial requirements of the Technical Secretariat will be addressed in the second round allocation in 2012.

Cluster Prioritization

13. Given the special circumstances surrounding the first round, a “compressed” timeline will be used to conduct the standard allocation process. The Advisory Board is aware that Cluster Co-Coordinators may have to streamline aspects of the regular process.
14. In accordance with the new CHF allocation guidelines, cluster portfolios will be prepared through internal cluster reviews. This process will involve:
 - Cluster Coordinators will be asked to convene cluster consultations meetings to refine and adopt cluster specific project priorities.
 - CAP partners will then be asked to submit proposals based on priorities endorsed within their clusters.
 - Cluster Coordinators, should engage with their respective cluster Peer Review Teams (PRT), to review the proposals submitted against their respective cluster specific criteria in line with priorities stipulated in the policy paper.
 - For Category A projects, Cluster Coordinators will be asked to consider the following criteria:
 - past capacity of the pipeline manager to deliver inputs prior to critical junctures, for example, nutrition inputs before the hunger gap, seeds and tools before the planting season
 - amount of funding already committed to these activities compared to outstanding needs
 - ability to spend funds allocated through the CHF and CERF in previous years (mid 2011 or earlier)
 - For Category B projects, Cluster Coordinators will be asked to weigh favourably projects that:
 - are on-going
 - target hot spot areas (Unity, Warrap, Upper Nile, Jonglei ,Northern Bahr El Ghazal and Lakes states).
 - are in accordance with the strategic aims of the cluster
 - demonstrate low indirect costs as a proportion of direct costs
 - demonstrate the most ‘value for money’ (i.e. high utilization rates at a health clinic) relative to the project budget
 - demonstrate they have fully spent the funds allocated to them by the CHF in previous years³
 - Cluster Coordinators (and PRT) will rate projects for technical merit and relevance in addressing the most urgent humanitarian needs in accordance with cluster priorities
 - If time permits, an OCHA focal point will represent the CHF Technical Secretariat in the PRT meetings.
 - Cluster Coordinators will prepare a presentation to defend the cluster’s programmatic strategy and proposal portfolio in front of the CHF Advisory Board.
 - During the defence, Cluster Coordinators will ensure that the portfolio is “blind,” hiding the identity of the requesting organization. Cluster coordinators are required to demonstrate that their programmatic strategy is evidence-based. They are also required to support their allocation

³ NGOs that have been granted a no cost extension due to the late disbursement of CHF funds in 2011 will not be penalized against by this criterion. However, the utilization rate of CHF 2011 funds should be taken into consideration by the Peer Review Teams when reviewing projects.

proposals with clear and concise documentation on the ranking and decision making process to demonstrate that a transparent, inclusive and objective process was followed.

- If dissatisfied with a particular presentation, the HC or CHF Advisory Board may request the concerned Coordinator to make a second presentation.
- Based on the presentations and in line with the policy paper, the HC, in consultation with the CHF Advisory Board, will make recommendations for funding to each cluster.
- The HC will then debrief each Cluster Coordinator on the outcome of the defences informing how much is allocated to the cluster, and issues to address before project allocations are approved.

ANNEX

Advice to Clusters

1. Only Humanitarian projects from the 2012 CAP are eligible for funding.
2. Clusters will need to agree on cluster specific timelines, prioritization criteria, and the criteria which will be used after the cluster envelope has been decided by Advisory Board. The Cluster will be asked to explain these criteria in their defence to the AB.
3. Clusters should seek to ensure that projects recommended for CHF support have sufficient funds (through CHF *and* other donors) to implement priority activities. Clusters may wish to avoid allocating small amounts to many projects focusing instead on selected priority projects to ensure these are implemented.
4. Clusters will also wish to consider:
 - the capacity of applicants to implement a particular project including past performance, the potential speed of disbursements and the absorptive capacity at field level
 - current funding status of proposed projects to avoid allocating funds to already fully or well-funded projects or the potential funding of a project through other channels
5. Clusters will need to consider the 'value for money' of a project in terms of low indirect costs as a proportion of direct relief costs. In addition, to help the reviewers make a proper analysis of cost effectiveness, it will be important that:
 - budget forms present a detailed budget breakdown including the total cost of the project and other contributions (including in kind contributions);
 - personnel costs indicate responsibility/title, unit cost, quantity, duration, and percentage dedicated to for the specific project
 - the cost for direct personnel and indirect/support staff are clear;
 - transportation and operational costs directly charged to project area and to head office are clear;
 - higher operational costs due to inaccessibility, insecurity etc. are taken into account.
6. The minimum allocation to a single project is recommended as USD 200,000 for UN agencies and INGOs and USD 50,000 for NNGOs. Under special circumstances, smaller project allocations will be considered for critical activities if:
 - the entire project budget is below USD 200,000;
 - the amount will fully cover a funding gap for the total project budget; or
 - the amount will fund vital lifesaving activities that will cease in less than 30 days or is a gap-filler for three months of activities until another donor is identified.
7. Pass-through arrangements, where organizations 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, should be strongly discouraged.
8. Submitted proposals should include at least two indicators from the provided Standard Project Output Indicators and provide a quantitative target. (Form 3 of CHF Templates).⁴

⁴ The cluster indicators used in the 2012 CAP remain valid. However, since they refer to broader cluster outcomes they might not be sufficient to measure the impact of CHF funded projects. Projects specific outputs indicators will be used in the first CHF allocation to improve project monitoring.

9. Implementation of a CHF recipient project shall not exceed twelve (12) months from the effective CHF allocation date or in-case of pre-financed projects, from the date of the first invoice related to CHF activities after project allocation approval and before disbursement. The joint OCHA-UNDP Technical Secretariat (TS), in consultation with the HC, will announce the effective CHF allocation date after taking into consideration the period between HC's allocation approval letter and disbursement of the first instalment of allocated funds. Project pre-financing will be limited to only the costs incurred in the interim period between the HC's approval and the actual cash disbursement to the recipient project.
10. NGO partners who have not been allocated funds from the previous Sudan CHF will need to be assessed by UNDP for their capacity before the contract is prepared. Capacity assessment requirements will be shared with concerned partners.
11. The process will be supported by the joint OCHA and UNDP Technical Secretariat based in OCHA South Sudan. Technical Secretariat focal points: **OCHA:** Federica D'Andreagiovanni, dandreagiovannif@un.org, +211 922406061; Thomas Nyambane, nyambanet@un.org, +211 922406071; and Meron Berhane, berhanem@un.org, +211 922 406080.

Important Deadlines

- 12. NGO Submission Deadline:** NGOs awarded an allocation will have to submit signed Project Partnership Agreement (PPA) documents (project proposal, budget and banking details) within two weeks following the first contact from UNDP.
- 13. UN Acknowledgement Deadline:** UN agencies awarded an allocation will have to submit a CHF acceptance letter within two weeks of receipt of the allocation letter.

Complaints Mechanism

14. Participants with insufficiently addressed concerns or complaints regarding CHF processes or decisions can at any point in time approach the head of Technical Secretariat (Federica D'Andreagiovanni, dandreagiovannif@un.org) with these concerns. The head of TS will compile, review and present raised issues to the Humanitarian Coordinator, who will then take a decision on necessary action(s). The Humanitarian Coordinator will share with the Advisory Board any such concerns or complaints and actions taken thereof.

Donor Commitments and Contributions to date

15. The amount of available for CHF allocations is based total commitments and contributions by participating donors.

| Donor | Contributions | Pledges | |
|--------------|----------------------|-------------------------------------|----------------------------------|
| | | Amount | (estimated date of contribution) |
| Australia | USD 4.1m | | |
| Denmark | | DKK 30 tbc | |
| Ireland | USD 1 m | E 900,000 | |
| Netherlands | tbc | | |
| Norway | tbc | | |
| Sweden | USD 5m + USD 10.5 | 40 mSEK+ 75 mSEK or USD 10,5) | |
| UK DfID | USD 24m | 15 mGBP | |
| TOTAL | USD 44.6 | | |

CERF 2012 First Round Allocation Summary

16. The following is a summary of projects which received funding through the CERF Under-Funded Window.

| Agency | Project Title | CAP/Flash Appeal project code and priority | Cluster | Total Project Budget | Percentage of funding received to date | Amount requested from CERF |
|--------|--|--|--------------|----------------------|--|----------------------------|
| FAO | Enhancing food security of returnees, IDPs and vulnerable host communities through provision of appropriate production inputs, technologies and services | SSD-12/A/461420/123 HIGH | FSL | 115,542,000 | 0% | 3,000,000 |
| UNICEF | Vaccine preventable disease control through routine and supplementary immunization interventions | SSD-12/H/46251/124 HIGH | HEALTH | 7,845,000 | 24% | 1,000,000 |
| WHO | Strengthening of epidemic preparedness and response capacity in high risk areas in South Sudan | SSD-12/H/46367/122 HIGH | HEALTH | 11,594,627 | 22% | 2,200,000 |
| IOM | Provision of Emergency NFIs and ES materials to IDPs, returnees, and Host community members | SSD-12/NF/46154/298 HIGH | NFIS&ES | 6,075,000 | 0% | 2,600,000 |
| UNICEF | Support to the Nutrition Pipeline for Emergency Therapeutic Responses in South Sudan | SSD -12/H/46186/124 HIGH | NUTRITION | 8,882,000 | 14% | 4,200,000 |
| UNICEF | Protection of boys and girls affected by conflict and other emergencies in South Sudan | SSD-12/P-HR-RL/46306/124 HIGH | PROTECTION | 5,154,599 | 15% | 1,000,000 |
| UNICEF | Emergency WASH Preparedness, Response and Coordination in South Sudan | SSD-12/WS/46469/124 HIGH | WASH | 9,989,100 | 0% | 3,000,000 |
| UNHCR | Emergency Response to the Displacement of Population Resulting from the Fighting in South Kordofan and Blue Nile | SSD-12/MS/46418/120 HIGH | MULT-CLUSTER | 16,973,511 | 0% | 3,000,000 |