

Policy Paper

South Sudan Common Humanitarian Fund (CHF)

2014 First Round Standard Allocation

08 November 2014

1. This paper outlines the allocation strategy for the 2014 standard allocation round 1 for an estimated envelope of US\$ 45 million.

Donor	Amount \$	Remarks
CHF Balance	3,000,000	carry over
Belgium	1,000,000	confirmed
DFID	30,000,000	confirmed
Sweden/Norway/Denmark/Ireland(*)	11,000,000	estimated
Total	45,000,000	
*Estimated funding expected to be deposited within Q1		

2. At its meeting of 07 November, the CHF Advisory Board (AB) agreed on an allocation prioritization that:

- i) *targets exclusively lifesaving activities in the 2014 South Sudan CAP;*
- ii) *takes into account critical window of opportunity offered by the dry season for the implementation of time sensitive activities ahead of the 2014 rainy season;*
- iii) *ensures that funding is provided to address most critical needs as identified through a consolidated vulnerability analysis to which clusters will further apply their respective analysis of needs, and existing coverage, to inform prioritization;*
- iv) *promotes greater accountability on the use of resources allocated and transparency of financial requirements;*

3. The above strategy has been adopted to ensure that the CHF kick start the most critical components of the humanitarian operation at the time of the launch of the new CAP. The CHF AB also agreed that the second CHF standard allocation planned in mid 2014 will consider focusing on the most underfunded clusters of the CAP ⁽¹⁾.

The overarching strategy: supporting lifesaving and time critical activities

4. The overall requirements of the CAP for 2014 amount to US\$ 1.1 billion. This slight decrease in the overall funding request reflects a stabilization of the humanitarian situation due to the slower refugees and returnees' arrivals and a slightly improved food security. Although, the number of people deemed severely food insecurity remains at a worryingly high level, overall needs have reduced for the first time since 2011.

5. As poverty underpins many of the humanitarian challenges facing South Sudan, chronically low human development indicators make many communities extremely vulnerable. The limited capacity of the Government to provide basic emergency services continues to put the onus on aid organizations to provide the vast majority of assistance, in and beyond emergencies, while national institutions slowly grow. As a result, the competition between chronic vulnerabilities versus emergency need has in the past resulted in the CHF being approached to finance projects outside its scope. This was particularly evident during the 2013 CHF R2 allocation when two clusters were requested to take out of their respective portfolios projects that should have been funded through development streams.

RECOMMENDATION 1: In order to ensure that the CHF lives up to its mandate it is recommended that the focus of the allocation be maintained strictly on life saving activities in full compliance with the CERF guidance note on life saving criteria for the prioritization of assistance to people in need.

6. The focus of the first standard allocation is to ensure timely allocation of resources to critical activities that are best implemented during the window of opportunity offered by the dry season.

¹ Partners' performance (ability to implement, expend resources according to financial forecast plan and compliance with reporting requirements) will continue to be a key consideration.

RECOMMENDATION 2: In order to ensure that the CHF provide timely resources to most critical needs, clusters are requested to consider the seasonality issue and prioritise time sensitive activities.

The scope of the allocation: supporting most critical humanitarian needs based on a consolidated vulnerability analysis

7. An initial vulnerability mapping ⁽²⁾ of humanitarian needs in South Sudan was completed in September 2013 across all ten states, reaching down to county level (in annex). Categories of the numbers of refugees/returnees, people displaced, violence-incidents, flood affected people, humanitarian access, food security and population density were used to determine the counties where needs are most acute. Clusters should overlay their specific cluster vulnerability assessment to the vulnerability map to further refine the analysis that will lead to the identification of priority interventions as it follows:

Areas of highest vulnerability (category 5, 4 and 3): Highest priority should be given by clusters to projects supporting activities in areas of greatest overlapping vulnerabilities.

Areas of lower vulnerability (2&1): Lowest priority should be given by clusters to projects supporting activities in areas of lower overlapping vulnerabilities. For projects in those areas, clusters will have to provide a solid justification of why such areas are considered for funding.

This will enable partners to target aid programmes and resources more effectively to areas of highest need ⁽³⁾.

RECOMMENDATION 3: In the prioritization of activities it is recommended for clusters to follow a needs based approach based on a consolidated vulnerability analysis.

8. **Only 2014 CAP projects eligible are eligible for the allocation:** CAP 2014 Projects covering core pipelines, common logistics services, and front line service providers will be eligible for the allocation to address the needs of communities impacted by violence and/or displacement, communities at risk of disease outbreaks and areas of high malnutrition rates (therapeutic programmes), areas with high numbers of returnees, and areas underserved in terms of organizations and/or state capacity to respond.
9. In considering the support to core pipelines, essential common services, and front line services provides clusters should consider critical gaps for the humanitarian operations in light of the support given through the CHF 2013 second round standard allocation as well as the support that other ongoing funding streams could provide to the activities proposed. CHF applicants will be requested to provide an accurate picture of contributions and pledges against proposed activities. Such approach will ensure greater financial transparency and enable clusters coordinators and co-coordinators to defend projects supporting pipelines, common services and front line services provision on equal footing.
10. The **refugee programme** and the needs of the **Abyei returnees** will be considered for the allocation only in relation to life saving activities to be supported through the core pipelines.
11. **Exclusion from the allocation**
1. **Food aid** will be excluded because of the limited impact that CHF funds can vis-a-vis the significant requirements;
 2. **Air assets (UNHAS)** will be excluded since the CHF AB agreed at last allocation round that it should be supported by other funding streams;
 3. **All low priority projects** irrespective of the county they are in are excluded.

² Going forward, the vulnerability map will be kept up to date by OCHA to ensure it reflects the context on the ground.

³ OCHA, September 2013. Juba County is noted to be high due to high number of access related issues reported relating to policy framework issues (this is considered to be an 'outliner' for prioritization purposes).

12. **Allocations to new partners:** Since a number of new partners are now included in the CAP and might be first time CHF recipients, from a risk management perspective it is suggested that clusters be mindful of the amount allocated to new partners. As per CHF guidelines, the minimum amount for CHF project is US\$ 200,000 for INGOs and \$50,000 for NNGOs.

CHF Reserve

13. The CHF Advisory Board agreed to provisionally include the current CHF balance in the allocation envelope. However, should an unforeseen need or critical gap arise, such amount could be considered to be used as emergency reserve. The CHF AB decided to revisit the amount to be maintained in the reserve on the day of the allocation.

Prioritization criteria for selection of projects

14. The following criteria are proposed to support the prioritization of the CHF second round allocation and the work of the Peer Review Teams (PRTs)⁽⁴⁾:
- i) **Life-saving⁽⁵⁾ activities** should be prioritized so as to maximize the impact of the funds. Clusters should apply the CERF life-saving criteria when defining priority activities.
 - ii) **Time critical activities** that are time sensitive (best implemented in the dry season) should be prioritized in accordance with the cluster strategy.
 - iii) **Returning applicants' performance:** The PRT should weigh the capacity of applying organization to timely implement and report on previous CHF allocations. The CHF Technical Secretariat (TS) in collaboration with the M&R Specialists will provide Cluster Coordinators/Co-Coordinator information on applying organizations performance index based on estimated expenditures by UN agencies⁽⁶⁾ and NGOs quarterly financial reports, compliance with monitoring and reporting requirements, number of No Cost Extensions/allocation revisions requested over time, outcome of audit findings.
 - iv) **High Priority projects in CAP 2014:** Projects classified as high immediate and high priority in the CAP 2014 should be weighted higher in the selection process at the Peer Review Team (PRT) meetings.
 - v) **Complementarity with CHF 2013 second round:** Organizations that have received funding from 2013 CHF R2 and apply for 2014 CHF R1 for the same activities should clearly indicate how the new funding will complement the previous CHF allocation.
 - vi) **Gender mainstreaming:** Projects with gender code of 2 in the CAP 2014 should be weighted favorably in the vetting process at the Peer Review Team (PRT) meetings.
 - vii) **Indirect costs:** Projects that can demonstrate low indirect costs⁽⁷⁾ as a proportion of direct costs should be weighted favorably.
 - viii) **Value for Money:** Projects that can demonstrate the most 'value for money' (e.g. maximum outcome and beneficiary reach for each dollar invested and effectiveness of the intervention) relative to the project budget should be prioritized. The Monitoring and Reporting Working Group has been tasked to elaborate the definition of VFM in each assigned cluster. The definition will help the cluster agree on standard criteria to evaluate in future allocations.

4 Numerical score approach is recommended to PRTs for the prioritization exercise.

5 Use the CERF guidance to define life-saving activities.

6 UN agencies will be requested to provide estimates of CHF 2013 financial expenditure as of 30 June 2013. Expenditures data from CHF 2012 allocations will be provided to clusters by the CHF-TS as reference.

7 Guidance on how to calculate direct and indirect costs will be provided by the CHF T in the project template. Indirect costs include overheads and other costs not incurred in project location.