

1. Background

The COVID-19 pandemic is impacting Country-Based Pooled Funds (CBPFs) operations in different ways. The Humanitarian Financing Units (HFUs) in the field are swiftly adapting to this new working environment and remain very dedicated to support humanitarian partners despite the challenges faced. This situation created by the novel COVID-19 pandemic requires CBPFs to respond with greater flexibility, through simplifications in the current funding arrangements, yet keeping accountability over the use of funds. After an analysis of the evolving situation and related challenges which the Funds are beginning to face, and following requests from implementing partners, OCHA has agreed to put in place some extraordinary measures that will allow all key stakeholders to continue providing life-saving assistance to those in need.

To ensure that CBPFs can have the greatest possible impact on the global efforts against this unprecedented crisis, CBPFs allocations should be in alignment with the Global HRP COVID-19¹, provided they are not at the expense of other life-saving activities that the CBPFs undertake. CBPFs should promote complementarity with other funding sources, including with the Central Emergency Response Fund (CERF).

To the extent possible, CBPFs should encourage all its implementing partners to replicate the application of the below flexibility measures with their sub implementing partners.

The flexibility measures described below are also applicable to the funds that involve the Multi-Partner Trust Fund Office (MPTFO) and the United Nations Development Programme (UNDP) in the management and administration of funds.

OCHA will review this guidance note on a periodic basis to include additional flexibility measures which the CBPFs may require.

2. Flexibility measures

2.1 Risk Management Framework

All CBPFs will review their Fund risk management frameworks, when necessary, to integrate new emerging risks resulting from the COVID-19 pandemic. CBPFs are encouraged to collaborate with in country established mechanisms to analyze risks related to the COVID-19 pandemic, such as health and safety conditions and security. The review of the risk management framework should be endorsed by the Fund's Advisory Board (AB) and approved by the Humanitarian Coordinator (HC).

2.2 Operational modalities

2.2.1 Partner and project ceilings

CBPFs are encouraged to adopt flexible measures to increase partner or project ceilings when necessary. Such adjustments will have to be time-limited (COVID-19) and discussed with the AB to obtain their endorsement. This measure does not apply to projects whereby the implementing partners are involved in a compliance matter or subject to an inquiry.

The HC or the Fund Manager on behalf of the HC, should then communicate the proposed temporary deviations to the CBPF Section, which will request endorsement and a waiver from OCHA's Executive Officer.

2.2.2 Monitoring and financial spot-checks

Project monitoring and financial spot checks may be adapted by using remote methodologies, desk reviews of scanned copies, remote calls or videoconference. Implementing partners are expected to keep original documents for five years as per the UN Secretariat Financial rules and regulations.

2.2.3 Audits

CBPFs may put in place offsite and remote audits, i.e. desk reviews of scanned copies. Implementing partners are expected to keep original documents for five years as per the Financial rules and regulations of the UN Secretariat.

¹ <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>

Depending on the context at country level, CBPFs might consider postponing some of the audits, rather than conducting remote audits. This decision will be taken on a case by case basis in consultation with OCHA-HQ and the different CBPFs.

2.2.4 Electronic Signature

Phase 1 as of 15 April 2020: CBPFs accept “fill and sign” feature in PDF in lieu of all signed documents for HCs, OCHA’s Executive Officer (EO) and implementing partners.

Phase 2 (date to be confirmed): CBPFs will introduce an improved electronic signature to facilitate the work remotely.

2.3 Reprogramming of projects

Based on country specific analysis of the ongoing humanitarian response and COVID-19 related needs, CBPFs can facilitate the reprogramming of existing projects to shift resources into priority locations and urgent activities for COVID-19 prevention and response. CBPFs will request implementing partners to explain the rationale for the re-programming request along the below criteria:

- CBPF funding is no longer required for the humanitarian emergency (or trigger) for which it was initially allocated and/or
- COVID-19 response and early action is now a more immediate priority for life-saving humanitarian action than the humanitarian emergency for which the funding was originally allocated and/or
- COVID-19 response is complementary to the original response and would help to protect gains made under that intervention.
- In cases where the requesting UN agency received CERF funding from the two global CERF allocations, UN Agencies are requested to explain why additional funding is needed through CBPFs reprogramming, and how it will complement the global CERF funding.

The Grant Management System (GMS) has been adjusted to allow changes in the sectors/clusters and strategic objectives. Additionally, GMS has been updated and the implementing partners are now able to select strategic objectives and standard indicators from those included within the Global COVID-19 HRP.

2.4 Budget

2.4.1 Cost Extension

CBPFs can allow projects’ cost extensions to include critical activities responding to the COVID-19 pandemic. Cost extensions must be requested one month before the project end date with a justification. Cost extensions should be recommended by the strategic review committee of the Fund and approved by the HC. Progress reports (narrative and financial reports) of the current project are required as part of the justification. In addition, regular revision procedures apply.

2.4.2 Eligibility of costs

New allocations

Projects’ start date and end date will be explicitly stated in the Grant Agreement (delinking cost eligibility from signature date). The project start date can be as early as the approval date of the technical review.

Ongoing allocations

CBPFs ensure the cost eligibility of: i) planned activities where expenses were already incurred but due to changing circumstances related to COVID-19, did not take place (travels, etc); ii) new expenses not foreseen (including protective equipment for staff), but relevant and required as per COVID-19 response; iii) staff costs to sustain project operations while implementation is suspended.

2.4.3 Staff category

CBPFs extend the 15 percent budget flexibility to staff category without prior approval. Any variation exceeding 15 percent will require an amendment to the grant agreement.

2.4.4 Budget lines

CBPFs allows the creation of new budget lines within the 15 percent parameter without prior approval provided they are related to the COVID-19 response. Any variation exceeding 15 percent will require an amendment to the grant agreement.

2.4.5 Contingency budget line

Implementing partners can include a contingency budget line of up to 4 percent of total project budget under the “General Operating and Other Direct Costs” category. This approach will ensure a speedy response as this budget can be easily re-programmed and used to address needs related to COVID-19, if the situation deteriorates quickly. Partners will provide a breakdown of the utilization of the contingency budget line during the submission of the financial report.

2.5 No-cost extension

OCHA-HQ offers the possibility to all CBPFs to receive a blanket no-cost extension (NCE). This option should be analyzed and endorsed by the AB at country level. In case an AB endorses the blanket NCE, all active projects as of 1 May 2020 will receive a blanket NCE. In addition, this measure will allow NCE of projects that have already reached their end date and are under reporting phase, to use the unspent balance in COVID-19 related humanitarian response (see table below). In cases where unspent amount is reprogramed, prior approval is not required if the category variance is below 15%. This measure will not impact the frequency of reporting and monitoring requirements which will remain as per the original modality in the latest signed agreement.

This applies for: i) projects that are under implementation and before reaching the end-date of the project; and ii) projects that are in the reporting phase before having submitted their final narrative or financial reports.

The blanket NCE will automatically modify the agreement and extend the project duration, without requiring any process in GMS or an amendment to the original agreement for the agreed extension.

The blanket NCE will not apply to projects whereby their implementing partners are involved in a compliance matter or subject to an inquiry.

	Category	NCE Impact
Cat 1	If the Project end date is in between- 1 May - 30 June 2020	NCE until 31 August 2020
Cat 2	If the Project end date is in between 1 December 2019 – 30 April 2020- but has not submitted the final narrative or financial report (if FFR / FNR submitted, the project will not be eligible for NCE)	NCE until 30 June 2020
Cat 3	Projects in both categories 1 and 2 above will be reviewed in May 2020 if further flexibility is required	

In GMS, all projects under categories 1 and 2 above will be automatically revised and a COVID-19 revision type will be created for ease of reference. New operational modalities triggered as a result of the NCE will be automatically waived off with a COVID-19 justification. Existing due dates for FFR and FNR will be extended by three months. The Performance Index question for the revision of the category will be automatically set to “justified revision request” for those projects covered under this flexibility measure.