Lebanon Humanitarian Fund
Operational Manual
2019
# Lebanon Humanitarian Fund – Operational Manual

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# ACRONYMS

| AB  | Advisory Board                              |
| CBPF | Country-based Pooled Fund                  |
| CBTF | Cross Border Task Force                    |
| CERF | Central Emergency Response Fund            |
| ERC  | Emergency Response Coordinator             |
| FCS  | Funding Coordination Section               |
| FTS  | Financial Tracking Service                 |
| FFR  | Final Financial Report                      |
| GMS  | Grant Management System                    |
| HC   | Resident Coordinator/Humanitarian Coordinator |
| HCT  | Humanitarian Country Team                  |
| HF   | Humanitarian Fund (the LHF)                |
| HFU  | Humanitarian Financing Unit                |
| HoO  | Head of Office                              |
| HQ   | Headquarters                                 |
| IOM  | International Organization for Migration   |
| IP   | Implementing Partner                        |
| LCRP | Lebanon Crisis Response Plan               |
| LHF  | Lebanon Humanitarian Fund                   |
| M&E  | Monitoring and Evaluation                  |
| M&R  | Monitoring and Reporting                   |
| MA   | Managing Agent                              |
| MOU  | Memorandum of Understanding                |
| NCE  | No-Cost Extension                           |
| NGO  | Non-Governmental Organization              |
| OCHA | Office for the Coordination of Humanitarian Affairs |
| OM   | Operational Manual / Operational Modalities |
| SAA  | Standard Administrative Arrangement        |
| SC   | Sector Coordinator                          |
| TOR  | Terms of Reference                         |
| TRC  | Technical Review Committee                  |

United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
INTRODUCTION

In view of the evolution of the Syria crisis and the escalation of needs in the neighbouring countries, the existing Syria Emergency Response Fund (ERF) was decentralized into four independent funds in 2014: Syria, Turkey, Jordan and Lebanon. The Humanitarian Coordinator (HC) in Lebanon has the overall responsibility for oversight and management of the Lebanon Humanitarian Fund (LHF), with strategic and operational support from OCHA Lebanon. Under his leadership, the LHF aims to manage the timely allocation and disbursement of donor resources to the most critical humanitarian needs defined by the Lebanon Crisis Response Plan (LCRP).

The Operational Manual (OM) for the LHF is issued by the Humanitarian Coordinator (HC) and endorsed by the Advisory Board (AB) to set the general direction and strategic focus of the Fund. The HC and AB will review the manual annually or as required to ensure its continuing relevance and effectiveness.

Purpose and Scope of the Operational Manual

The Operational Manual for the LHF describes the objectives, governance arrangements, allocation modalities, risk management and accountability of the Fund. The Manual details the roles and responsibilities of stakeholders.

Under the direction of the HC, the LHF aims to support the timely allocation and disbursement of donor resources to the most critical humanitarian needs in line with the LCRP 2017-2020 framework. To this end, this manual is reviewed by the AB, and approved by the HC to:

- Provide an overview of the general direction and programmatic focus of the LHF;
- Describe the steps and requirements of the allocation processes with a view to enhancing timely and strategic allocation decisions;
- Provide clarification and instructions for all stakeholders involved in the management of the LHF on effective management and governance practices.

The Operational Manual defines the country-specific regulations governing the LHF within the framework provided by the Operational Handbook for Country-based Pooled Funds (CBPFs), describing the rules applying to all CBPFs worldwide.

In order to ensure standard and transparent processes, adherence to the guidance provided in the two documents is mandatory.

Objectives and Scope of the Lebanon Humanitarian Fund

The LHF funding will be primarily aligned to support the delivery of a strategic humanitarian response as identified under LCRP while retaining the flexibility to allocate funds for unforeseen events.

The LHF will reinforce the leadership and coordination role of the HC by allocating funding to needs-based priority sectors and geographic areas. The LHF will also aim for a more inclusive approach by working with a variety of implementing partners.

The LHF has the following objectives:

- To contribute to the delivery of the Lebanon Crisis Response Plan
• Filling critical funding gaps identified by the inter-coordination structure, in consultation with the AB;
• Supporting life-saving activities for all people in need (affected local communities and refugees);
• To strengthen the leadership of the HC;
• To improve humanitarian response by increasing the allocation of funding to priority humanitarian needs through an inclusive and coordinated process;
• Strengthen local capacities, in line with World Humanitarian Summit (WHS) commitments
• Supporting the delivery of assistance in the most vulnerable localities in Lebanon;
• Emergency response to sudden onset crisis

Further, the LHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between sectors and humanitarian organizations. As such, the LHF contributes to improving needs assessments, enhancing the LCRP as the strategic planning document for humanitarian action in Lebanon, strengthening coordination mechanisms, in particular the Inter-Agency platform, and improving accountability through an enhanced monitoring and reporting framework.

Interventions supported by the LHF are to be consistent with basic humanitarian principles of humanity, neutrality, impartiality and independence.

The strategic linkages between the prioritization process of the LHF and the priority interventions reflected in LCRP have been reviewed and the LHF ensures that these are embedded in each call for proposals. The prioritisation of needs supported by the LHF is revised annually in line with the response-planning exercise. For Standard Allocation, the LHF will issue an allocation paper further specifying the needs and locations prioritised. For Reserve Allocation, in the absence of Allocation Papers, this Manual will outline the main programmatic priorities and criteria that will determine the strategic relevance of project proposals received.

Focus of the LHF

As articulated in the LHF Position Paper, the comparative advantages of the LHF is to focus on the population groups that are the most at risk: persons with Specific Needs, under-covered population groups that have pre-identified vulnerabilities. Due to the nature of the activities in such projects, it is expected that the amounts/grant will, on average, range US $100,000 to US $500,000 (of course depending on actual activities and number of persons targeted). This financial volume is aligned with the LHF’s management capacity. Targeting persons with Specific Needs also addresses initial concerns of donors pertaining to strategic allocation of resources and the humanitarian nature of the response implemented with LHF funding.

2019 Guiding principles

Taking stock of the Fund’s comparative advantages, the following principles should guide future LHF allocations in 2019:
• Allocations based on strong analysis and needs based. The strategy of the LHF is formulated in the LHF Operational Manual as well as in the Fund’s allocation papers.
• Continued person-centred approach, with a focus on persons with Specific Needs (see Annex)
• Prioritization of direct implementation and best positioned actors through non-governmental partners, with national partners accounting for at least 50% of available annual LHF funding (if, when and where feasible);

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1 While it not possible to foresee the amount disbursed through Reserve Allocation for the year, an amount of $2 million is maintained available in between allocations for this purpose.
Seek integration across clusters and complementarity with other funding sources, to ensure timely and efficient prioritization in support of a stronger collective response and maximum impact of limited resources.

SECTION I: GOVERNANCE AND MANAGEMENT

The activities of the LHF will be carried out under the overall stewardship of the HC. The HC will be supported by an Advisory Board. The OCHA Humanitarian Financing Unit (HFU) will fulfil the Fund’s secretariat functions. The Fund’s Advisory Board will be chaired by the HC and will welcome the senior-level participation of donors, UN organisations (in their capacity as sector lead agencies) and NGO representatives. Sector coordinators play a key role in prioritisation and project review at both a strategic and technical level.

The governance mechanisms ensure the overall transparency of allocation decisions; Advisory Board (at the strategic level) and sectoral Review Committees. The size of the Advisory Board will be kept relatively small to maintain a balance between representation and efficiency.

1.1 The Humanitarian Coordinator (HC)

The Humanitarian Coordinator leads the overall management and oversight of the LHF on behalf of the Emergency Relief Coordinator (ERC) as detailed in the Global Operational Handbook for Country-Based Pool Funds (CBPFs), supported by the OCHA Head of Office (HoO) and the OCHA HFU, and advised by the LHF Advisory Board.

The HC provides strategic leadership and ensures effective management and oversight functions of the LHF, supported by the OCHA office in Lebanon.

The HC’s key responsibilities are:
- To define the scope and objectives of the LHF: its programmatic focus; governance structures and membership; allocation modalities and processes; accountability mechanisms; and operational modalities;
- To approve direct cost for HFUs
- To approve, review and update the Fund Operational manual that is prepared based on the Global Guidelines.
- To chair the Advisory Board and provide strategic direction for the Fund;
- To lead country-level resource mobilisation for the Fund, supported by the Humanitarian Country Team (HCT), OCHA Lebanon Office, in coordination with relevant OCHA entities at headquarters;
- To approve the use of and define the strategic focus and amount of fund allocations;
- To ensure that the Advisory Board and the Sectoral Review Committee(s) are functioning in accordance with the guidelines outlined in the Handbook and this Manual;
- To approve projects and initiate disbursement;
- To make 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 requiring an immediate response. Additionally, the HC has the authority to overrule recommendations from the review committee(s);
- To ensure complementary use of the LHF funding with other funding sources, including the Central Emergency Response Fund (CERF);
To lead the process of closing the Fund.

1.2 Advisory Board

The Advisory Board is the oversight and governance body of the Fund. It serves an advisory function supporting the HC in steering the strategy and overseeing the performance of the LHF. The final decision-making authority rests entirely with the HC, who is the chair of the Advisory Board.

The Advisory Board will support the HC in developing an overall strategy and overseeing the performance of the Fund. It will advise the HC on strategic and policy issues. The AB will be consulted in the development of allocation strategies in line with the LCRP and will serve as a forum to share information on funding coverage to strengthen donor coordination. The Advisory Board will also provide a forum for representatives and the HC to discuss funding priorities in line with the LCRP.

The key functions of the Advisory Board are:

- **Strategic focus and fund allocation**: The AB should assist the HC in defining the strategic priorities of the LHF and ensuring that its main objectives are met. The AB should review and advise the HC on strategic elements of the Fund such as allocation strategies and the operational manual. The AB also advises on fund allocation to appropriate sectors and priorities. The AB shall advise the HC in setting funding targets and support resource mobilisation efforts;

- **Risk management**: The AB supports the HC and the OCHA Lebanon Office in undertaking periodic risk analyses and reviewing a risk management plan of the LHF in accordance with the Accountability Framework contained in this Operational Manual;

- **Transparency of overall process**: The AB should monitor fund processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the LHF abides by established policies;

- **Review of operational activities**: Based on updates and reports presented by the HFU, the AB monitors the operational performance of the LHF and advises the HC.

The Advisory Board, chaired by the HC, meets at least four times a year. A higher frequency and/or ad hoc meetings may be requested by the HC as deemed necessary (the AB may also be consulted by email on specific decisions, pertaining the approval of allocations or other key aspects of the fund). These meetings cover a range of the above tasks including but not limited to endorsing the budget for the HFU, reviewing the Operational Manual, reviewing allocation decisions, or discussing changes to the humanitarian context. In consultation with the sectors, the Advisory Board assists the HC with the formulation of allocation papers to determine the objectives and parameters of individual calls for proposals.

It is the Fund Manager’s responsibility to ensure that attendance list and meeting minutes are documented and shared with participants and OCHA Funding Coordination Section (FCS).

The composition of the AB is determined by the HC in consultation with the HCT, contributing donors and NGOs. The AB should include an equitable number of stakeholder representatives (donors, UN agencies, NGOs and OCHA). Adding AB members with observer status, including non-contributing donors, is encouraged to improve transparency of the AB decision-making process and overall coordination of humanitarian response and aid flows. AB membership is limited to 12 representatives (excluding observers) to ensure efficient decision-making.
The members of the Advisory Board are:

- **Chair**: The Humanitarian Coordinator chairs and convenes AB meetings;
- **OCHA HoO**: acts as a permanent member of the AB s/he represents OCHA.
- **Donor**: Four donors. On average, this is the number of donors actually attending the AB. To foster interest and participation, all new donors to the Fund will be invited.
- **UN**: Two UN agencies: 1 Inter-Sector Coordinator, and 1 representative of one of the most funded sector in the previous year;
- **INGO**: Two INGOs. The membership is restricted to recipients (previous and current) of LHF and /or to the LCRP appealing partners, and are nominated by the LHIF);
- **NNGO**: Two NNGO. The membership is restricted to recipients (previous and current) of LHF and /or to the LCRP appealing partners, and are nominated by LNGO);
- **Secretariat**: OCHA, through the HFU in Lebanon.

AB membership should rotate on a regular basis. The HC and the OCHA HoO are the only permanent members. AB members must be at the senior leadership level (head of agency, etc.). To ensure continuity, the replacement of AB members is staggered. Board members serve as technical or strategic experts from their constituencies or stakeholder groups and do not represent the interests of their organizations or broader constituencies. Board members make a commitment to attend all meetings and to be fully engaged in all tasks required by the AB.

### 1.3 Sectoral Review Committees (Strategic and Technical)

LHF allocations include two types of project review:

1. a strategic review of project proposals in relation to the Allocation Paper determined by the HC and the Advisory Board or in relation to the fund’s scope and objectives as outlined in the Operational Manual: and
2. a technical review which assesses the technical soundness and quality of project proposals.

**Strategic and Technical Projects Reviewing Committees:**

The Sector Review Committee (SRC) is responsible for the strategic and technical review and shortlisting of project proposal. Strategic review is carried out on the basis of criteria outlined in a prioritization matrix (scorecards) on GMS, developed by OCHA Humanitarian Financing Unit (HFU), in consultation with the sectors and the Advisory Board (AB). LHF will apply standard prioritization matrixes with scoring in each of the following key areas: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination (see Annex 2, Scorecards for project prioritization). Using globally standardized categories, specific criteria are agreed by OCHA, the HFU in consultation with sectors. The same set of categories are applied by all sectors using a single scorecard for each allocation. Whilst the same scorecard categories and weightings apply across all CBPFs, the specific criteria and/or subsidiary questions must be reviewed before each allocation.

The SC assesses all the applications from a strategic perspective. The shortlisted applicants will be given an in-depth technical feedback from both the sectors and OCHA.
Members of the respective review committees should be nominated from the active members of the relevant sectors. The committees should ensure an equitable representation of UN and NGOs.

- The strategic and technical reviews are discharged by respective sector review committees operating separately by sector.
- Review committees should be established through a consultative process with a limited number of cluster members. The review committees should, to the extent possible, have different compositions for each of their functions.
- When delivering the strategic function, the respective review committee should equitably represent the members of the sector and be knowledgeable of humanitarian operations. When delivering the technical function, the respective sector review committee should be composed of a small group of technical experts to review project proposals.
- Members of the sector review committee involved in the technical review should be selected based on demonstrated technical knowledge of the specific sector. A small group of experts will allow for detailed deliberation on technical aspects of project proposals.
- The function of the sector review committees involved in the strategic review of projects can be complemented or replaced by a single committee grouping different stakeholders’ representatives (a representative sample of UN Agencies and NGOs) when this arrangement better suits the context in which the fund operates.
- Members of the respective sector review committees should be nominated from the active members of the relevant sectors. The committees should ensure an equitable representation of UN and NGOs. OCHA/HFU will take part in decision making and support review committees in discharging functions.

1.3 Role of Sectors

Sectors operate according to the terms of reference agreed by the Inter Agency-Standard Committee (IASC) and the Reference Module for Sector Coordination in Lebanon at the Country Level. These documents contain few references to the operation of the CBPFs, but acknowledge that inter-sector groups have a key role to play in prioritization and in providing recommendations for allocation strategy and resource mobilization of the humanitarian operation as a whole.

To better ensure that the funds are used coherently and effectively to support humanitarian needs, the sector coordinators and co-coordinators will undertake the following activities in relation to the LHF:

Sector lead agencies support the LHF at two levels: (i) at a strategic level, sector leads should ensure that there are linkages between the fund, the LCRP and sector strategies; and (ii) at an operational level, sector coordinators should provide technical expertise to the process of project prioritization and to the strategic and technical review of projects and (iii) consult in revision requests.

To better ensure that the funds are used coherently and effectively to support humanitarian needs identified by the HC in consultation with the inter- Sector coordination, sectors shall be involved in a number of steps in the fund programme cycle as follows:

Application:
- To the extent possible, proposals should be developed with programmatic guidance from the relevant sector coordinator(s) before the applicant submits them to the fund.

Strategic and technical review of projects:
- Sector coordinators ensure that the strategic review of projects is carried out as agreed.
- Sector coordinators contribute to the technical review of project proposals.
Sector coordinators provide standard indicators for projects.

**Monitoring and Reporting**

- Sector participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework endorsed by the HC in each country.

**Follow up on the LHF Grant Management System (GMS):**

- Sector to monitor the project implementation on GMS from the proposal stage till the end closure of the project.

### SECTION 2: ALLOCATION CRITERIA AND MODALITIES

#### 2.1 Eligibility

Donor contributions to the LHF will be used to fund projects carried out by UN organisations, national and international non-governmental organisations (NGOs) and organisations of the Red Cross/Red Crescent movement.

To be eligible for funding from the LHF, UN agencies must fill out the registration form on the Grants Management System of the Fund (http://cbpf.unocha.org). UN agencies are required to provide names and contact information for the focal point(s) and legal representative of the organisation, the main office address, and bank information.

Potential NGO implementing partners will be subject to a due diligence process and capacity assessment at the levels of institutional, managerial, financial and technical expertise. The methodology of this process is found in Part 3.1 of this Operational Manual (‘Accountability Framework’).

#### 2.2 Allocation Criteria

The review and approval of project proposals is made in accordance with the programmatic framework and focus and on the basis of the following criteria:

- **Partner eligibility and capacity:** they are verified through a due diligence and capacity assessment process;
- **Access:** accessibility to and/or physical presence in areas of operation; the location of the project is clearly identified;
- **Strategic relevance:** clear linkage to LCRP strategic and sectoral objectives, compliance with the terms of the allocation paper, and alignment of activities with areas of special focus of the LHF;
- **Needs-based:** needs are well explained and documented; beneficiaries are clearly described;
- **Appropriateness:** activities are adequate to respond to identified needs;
- **Technical soundness and cost effectiveness:** the proposal meets technical requirements to implement the planned activities; the budget is fair, proportionate in relation to the context, and adequate to achieve the stated objectives;
- **Risk management:** assumptions and risks are comprehensively and clearly spelled out, along with risk management and mitigation strategies;
• **Monitoring**: a realistic monitoring and reporting strategy is developed in the proposal.
• **Time criticality**: in accordance with the sector/sector strategies, the allocations will prioritize time sensitive activities, i.e. activities that are most urgent in nature and require immediate response that cannot be postponed.
• **Gender and age mainstreaming**: LHF allocations will utilize the Inter Agency Steering Committee (IASC) Gender Marker to promote gender mainstreaming and to check the extent to which gender equality measures have been integrated into project design. The gender marker is only one tool used to promote gender equality. The LHF encourages the use of participatory approaches, involving affected communities (male and females) in needs assessment, implementation and monitoring and evaluation.
• **Environment Marker**: LHF revision committees will verify to which extent the project design is respecting the environmental measures (when it applies).

The submitted projects will be classified as per the scoring card developed by the HFU in coordination with the sectors.

The LHF will provide resources to projects that respond to the humanitarian needs of refugees and vulnerable host communities impacted by the refugee influx. The LHF will maintain flexibility to allocate resources to address emerging crises. The LHF will also direct resources to underfunded sectors as identified by the AB.

The following steps are to be taken prior to the development of an allocation strategy:
• Allocation Consultation
• The HFU advise the HC on the availability of funds
• Allocation is triggered
• HC consults/informs Advisory Board
• Consultation with the Inter-Sector Working Group on sector priorities, needs and geographical priorities;
• The HFU will consult with the HoO on the suggested timeline and objectives of the allocation;
• The HFU analyses inputs, consolidates the priorities and ensures their alignment with the LCRP;
• Allocation Strategy Paper elaboration and feedback
• Allocation Strategy Paper submission to FCS
• Allocation set-up in GMS
• Convene a meeting with the AB to discuss and finalize the allocation document.
• Allocation Launch

### 2.3 Allocation Criteria

The implementation of projects funded by the LHF should not exceed 12 months from the project start date, as indicated in the final approved project documents. If necessary, implementing partners can request project revisions and/or no-cost extension to re-program and/or extend the duration of the grant.

The maximum grant amount is based on the partner’s risk level and project duration. The grant ceilings are defined based on the partner risk level and project duration, as outlined in the Operational Modalities (see below paragraph under Accountability).

The review and approval of project proposals is made in accordance with the programmatic framework described above and on the basis of the following criteria:
• Projects must demonstrate a clear linkage/alignment with the strategic and sectoral objectives;
• Projects must demonstrate a high degree of cost effectiveness (i.e.: maximum outcome and beneficiary reach for every dollar invested) relative to the project budget and the type of activity;
• Assumptions and risks are comprehensively and clearly spelled out, along with risk management and mitigation strategies;
• A realistic monitoring and reporting strategy is developed in the proposal;
• Applicants must ensure the project proposal is complete and accurate before submission.

2.4 Allocation Types

As per the guidelines, the LHF has 2 funding allocation modalities:

- **Standard allocation**: A call for proposals will be issued on a periodic basis at the discretion of the HC and linked to the priorities of the LCRP
- **Reserve allocation**: On an as-needed basis to respond to urgent unforeseen requirements or filling a funding gap.

**Standard Allocation**
The HC uses the standard allocation process and periodically (2-3 times a year, depending on the availability of resources) issues an allocation paper in consultation with the Advisory Board. OCHA facilitates the drafting of the allocation paper (Annex 1, Allocation Paper Sample and Template), seeking inputs from the Inter-Sector Working Group as required. Following this procedure, the HC, with advice from the Sector Review Committees and the AB, recommends which project proposals can be considered eligible for funding, following a strategic review.

Upon receipt of the full list of projects, the Humanitarian Financing Unit presents the sector reviewing committees with the relevant projects. The technical review is carried out by the assigned Sectors’ Reviewing Committees. The assessment of each individual project is carried out using a unified scorecard (see an example of a scorecard in Annex 2), which the HFU provides the committees with.

The strategically/technically sound projects are presented to the Advisory Board for final recommendation. The Advisory Board then conducts an overall strategic review considering the inter-sectoral prioritization and the availability of funding, in accordance with the allocation paper. Following this step, the advisory board provides the HC with the final list of recommended projects for final endorsement. The discussion and recommendation can take place by email.

At the centre of the standard allocation model is a strategy developed based on the agreed objectives of the LCRP. The HC, supported by the HFU, should utilise existing coordination mechanisms to establish a process, producing credible and unbiased information to develop the strategy. The analysis should be evidence-based and referenced to verifiable data. This process results in an allocation paper summarising the analysis, strategy and intent of the standard allocation. The priorities of the allocation strategy paper should be as precise as possible to allow for effective prioritisation by sectors. Efforts should be made to seek complementarity with existing funding channels.

The allocation paper will specify:
- The general objective of the call for proposals, as well as concrete and measurable sectoral, demographic and geographic targets;
- The maximum amount to be allocated through the call
- The maximum project duration and grant amount (if different from specified in this manual);
- The deadline for submission;
- The timeline and milestones for each step of the allocation process, including the expected decision date (i.e. final HC approval).
**Strategic Review:** The review committee is responsible for the strategic review and is carried out on the basis of criteria outlined in a prioritization matrix (See Annex 2: example of a scorecards). The LHF will apply standard prioritization matrices with scoring in each of the following key areas: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement in coordination. The list of shortlisted priority projects should be presented to the AB members to allow them to raise any critical concerns, questions, or alerts concerning risks and provide feedback.

The list of shortlisted priority projects should be presented to the AB members to allow them to raise any critical concerns, questions, or alerts concerning risks and provide feedback.

The following table provides a snapshot of the workflow for the standard allocation. There are two types of project review: a strategic review of project proposals to ensure that projects and partners are aligned with the Lebanon Crisis Response Plan and a technical review to determine the soundness and quality of the proposals.

**Table 1: Standard allocation workflow**

<table>
<thead>
<tr>
<th>Step</th>
<th>Activity</th>
<th>Responsible Body</th>
<th>Time required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1 Launch of allocation</td>
<td>1.1 Development and launch of allocation strategy</td>
<td>Sectors OCHA HC AB</td>
<td>Based on the HC decision in consultation with the AB</td>
</tr>
<tr>
<td>Step 2 Submission of proposal</td>
<td>2.1 Submission of full project proposal</td>
<td>Implementing Partners</td>
<td>Defined in the allocation paper, usually 10-14 working days</td>
</tr>
<tr>
<td></td>
<td>2.2 General check by HFU (eligibility of partner in case of suspension, compliance with template, duplication of proposal, etc.)</td>
<td>OCHA HFU</td>
<td>1-2 working days</td>
</tr>
<tr>
<td>Step 3 Strategic &amp; technical review</td>
<td>3.1 Strategic Review Committee (SRC) reviews projects in their respective clusters/sectors using standardised scorecards. SRC finalises shortlist for recommendation to the HC</td>
<td>SRC OCHA HFU</td>
<td>7 working days</td>
</tr>
<tr>
<td>Step 4 AB consultation and HC Approval</td>
<td>4.1 Projects that have passed the technical / strategic review of the SRCs, are then reviewed by the AB and presented to the HC for endorsement.</td>
<td>OCHA HFU HC</td>
<td>3 working day</td>
</tr>
<tr>
<td></td>
<td>4.2 HC Final approval</td>
<td>HC</td>
<td>2 Working days</td>
</tr>
<tr>
<td>Step 5 Financial review</td>
<td>5.1 Financial and technical review</td>
<td>OCHA HFU Gender Focal point in each sector</td>
<td>10 working days</td>
</tr>
<tr>
<td></td>
<td>5.2 Financial review and budget clearance</td>
<td>OCHA Finance</td>
<td></td>
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<tr>
<td></td>
<td>5.3 Consolidation of financial and technical comments and submission to partner</td>
<td>OCHA HFU</td>
<td></td>
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<td></td>
<td>5.4 Revision of proposal (3 times maximum)</td>
<td>IP</td>
<td></td>
</tr>
<tr>
<td>Step</td>
<td>Activity</td>
<td>Responsible Body</td>
<td>Time required</td>
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<tr>
<td>Step 6</td>
<td>Final HC approval</td>
<td>* OCHA HFU</td>
<td>1 working day</td>
</tr>
<tr>
<td>Step 6</td>
<td>6.1 HFU prepares draft grant agreement and decides start date in consultation with partner</td>
<td>* OCHA HFU</td>
<td>1 working day</td>
</tr>
<tr>
<td>Step 6</td>
<td>6.2 The HC approves the project and signs grant agreement; approved projects are shared with the AB for information</td>
<td>* HC</td>
<td>1-2 working days</td>
</tr>
<tr>
<td>Step 6</td>
<td>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)</td>
<td>IP</td>
<td>1-2 working days</td>
</tr>
<tr>
<td>Step 6</td>
<td>6.4 Grant agreement is signed by OCHA Executive Office (EO)</td>
<td>OCHA Finance, OCHA ASB</td>
<td>2 working days</td>
</tr>
<tr>
<td>Step 7</td>
<td>Disbursement</td>
<td>OCHA Finance</td>
<td>10 working days</td>
</tr>
<tr>
<td>Step 7</td>
<td>7.1 Following OCHA EO signature, first tranche of funding is disbursed to the partner</td>
<td>OCHA Finance</td>
<td>10 working days</td>
</tr>
</tbody>
</table>

The HC makes the final decision.

**Reserve Allocation / Rolling-basis**

The reserve allocation is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies or contextually relevant needs. The reserve is used to provide an immediate response in areas not foreseen and aligned with the priorities of the LCRP. Reserve allocations are designed to be quicker and lighter than the standard allocation process. The need and size of the reserve allocation will be decided by the HC, with the support of the AB.

The fund is normally active and open to project proposals based on discussions between the sector, HFU and eligible partners. Reserve allocations require a strategy/case for funding which may of course be limited in scope and criteria when compared to Standard Allocations in order to ensure a rapid and flexible disbursement schedule. When reserve allocations expect to receive more than one proposal, or when the HC has called for a limited competitive process, the Reserve Allocation proposals should undergo a competitive prioritization process through the use of scorecards in the GMS.³

It is up to the HC to activate the reserve allocation to respond to emergency and/or unforeseen needs. In such cases, the HC maintains a certain amount of available funding for the reserve. No specific percentage is recommended, and the general principle should be that any funding that is not programmed through standard allocations could be allocated through the reserve in case of need. The decision to accept project proposals from the reserve rests with the HC. If addressing emergency needs, the AB will be consulted and decision of the HC will be made with 48 hours. The HC, under exceptional circumstances, can approve reserve allocations and notify the AB post factum.

The steps of the reserve allocation process are:

i. Development of allocation Strategy (if more than 1 project);
ii. Submission of project proposals;
iii. Strategic Review, and Technical and financial review;

² Prioritization process may be truncated based on expedited reserve allocation timeline
³ Prioritization whenever possible will allow the maintenance of quantified scoring in order to explain rejected proposals to prospective partners and promote transparency. While prioritization is obviously not necessary in Reserve Allocations, where the HC directs funding to select partners, competitive, transparent processes should be promoted whenever possible and a simple Reserve Allocation scorecard preferred.
iv. Endorsement and final approval by the HC; and
v. Disbursement.

Proposals under the Reserve Allocation may be submitted only when the HC activates it. Partners are required to submit full project proposals. The LHF manager will confer with relevant sector coordinators to make a quick recommendation on priorities and needs.

Following the clearance of the technical review process, the HC will officially approve the project. The HFU will facilitate the finalization of the contractual arrangements. The AB will be informed that the project has been approved. If the AB does not object within the given timeframe (24-48 hours), the proposal is considered approved. If the AB objects, the HC will have to take the final decision. The HC has the power to overrule the advice of the AB.

Table 2: Reserve allocation workflow

<table>
<thead>
<tr>
<th>Step</th>
<th>Activity</th>
<th>Responsible Body</th>
<th>Time required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1 Submission of proposal</td>
<td>1.1 Submission of proposal</td>
<td>IP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2 General check by HFU (eligibility of partners in case of suspension, compliance with template, duplication of proposal, etc.)</td>
<td>OCHA HFU</td>
<td>1 working day</td>
</tr>
<tr>
<td></td>
<td>1.3 Submission for technical review</td>
<td>OCHA HFU</td>
<td>1 working day</td>
</tr>
<tr>
<td>Step 2 Technical &amp; Strategic review</td>
<td>2.1 Strategic &amp; technical Review sectors use Scorecards for projects in their respective sectors to validate their viability and relevance to the sectoral priorities</td>
<td>Sector Review Committees</td>
<td>4 working days</td>
</tr>
<tr>
<td>Step 3 Technical and financial review</td>
<td>3.1 Financial review and budget clearance</td>
<td>OCHA</td>
<td>2 working days</td>
</tr>
<tr>
<td></td>
<td>3.2 Consolidation of financial and technical comments and submission to partner</td>
<td>OCHA HFU</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3 Revision of proposal (3 times maximum)</td>
<td>IP</td>
<td></td>
</tr>
<tr>
<td>Step 4 Final approval by HC</td>
<td>4.1 HC approves project</td>
<td>HC</td>
<td>2 working days</td>
</tr>
<tr>
<td></td>
<td>4.2 Project approved by HC is shared with AB for information; AB has 1 working day to comment</td>
<td>HFU AB</td>
<td>1 working day</td>
</tr>
<tr>
<td></td>
<td>4.3 HFU prepares draft grant agreement and decides start date in consultation with partner</td>
<td>HFU</td>
<td>In parallel with above</td>
</tr>
<tr>
<td></td>
<td>4.4 HC signs grant agreement</td>
<td>HC</td>
<td>1 working day</td>
</tr>
<tr>
<td></td>
<td>4.5 Grant agreement is shared with IP for counter-signature (date marks start of eligibility, and earliest possible date for start of project implementation)</td>
<td>IP</td>
<td>2 working days</td>
</tr>
<tr>
<td></td>
<td>4.6 Grant agreement is signed by OCHA Executive Officer (EO)</td>
<td>OCHA</td>
<td>2 working days</td>
</tr>
</tbody>
</table>
### 2.5 Start Date and Eligibility of Expenditure

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 start date will be included in the grant agreement. If the signature of the grant agreement occurs after the agreed start date, the date of the signature of the grant agreement takes precedence. The HC can then sign the grant agreement.

Upon signature by the HC, the HFU notifies the partner that the project has been approved, and sends the agreement for countersignature. Once the partner has countersigned, the agreement will be sent to OCHA Finance Unit (FCS) in New York for final signature. Eligibility of expenditures will be determined by the date of the implementing partner’s signature of the grant agreement.

### 2.6 The Grant Management System (GMS)

The Grant Management System (GMS) is a web-based platform that supports the management of the entire grant life cycle for the LHF. The GMS promotes efficiency, effectiveness and supports risk management. The GMS harmonises business processes while catering for the special needs of each fund. The system strengthens OCHA’s data analysis and information-management capacity.

The GMS supports the full implementation of standard procedures and due diligence processes, and provides support throughout the entire project cycle management. The GMS is the repository of necessary supporting project documents and ensures timely and effective implementation of control mechanisms to manage and mitigate risks associated with management of the fund.

Interested partners must contact the HFU to express their interest in applying for funding. Details and guidance on the registration and application processes will be provided by the HFU to each partner individually. Projects submitted offline will not be considered for programmatic or technical review.

### SECTION 3: ACCOUNTABILITY FRAMEWORK

The development of a comprehensive accountability framework is a critical step in the establishment of the LHF. Accountability is the foundation of effective management of Country-based Pooled Funds. Accountability is exercised through a set of different components enabling the HC, mandated by the ERC, to ensure that: implementing partners are delivering intended programmatic results; the LHF is managed responsibly and according to established guidelines; and, ultimately, the LHF is achieving its main objectives.

The LHF accountability framework is based on a comprehensive risk management model, linking principles of due diligence, performance and capacity assessment throughout the project cycle. It applies the Global Country-based Pooled Fund Guidelines, adapted to the context in Lebanon to ensure that funding best meets the needs of those affected by the crisis.
The accountability framework provides an overview of the pillars around which accountability of the LHF is structured: risk management; monitoring and reporting; evaluation; and auditing.

1. Risk management
2. Risk-based grant management Reporting (financial and programmatic)
3. Project monitoring and financial spot-checks
4. Reporting
5. Audits (project level)
6. Appeals process and arbitration

The objective is to manage risk and verify performance in line with the LHF strategy and approved project plans.

The accountability framework will be endorsed by the HC in consultation with the AB. Once endorsed, the framework will serve as an operational tool to guide how and when partners will be assessed and determined eligible for LHF funding; will outline the requirements for monitoring and reporting; the basis on which evaluations and audits will be carried out; the parties responsible for each pillar of accountability; key actions to be taken; and the resources necessary for ensuring overall accountability.

3.1 Risk Management

Risk management aims at providing a specific set of tools for the decision-making process to support the achievement of strategic outcomes in a transparent manner. The management of the LHF uses a risk-based approach to ensure that a thorough analysis of risks is undertaken and that adequate assurance modalities are identified to mitigate these risks. Risk management includes risk identification, risk analysis and the development of mitigation strategies to manage residual risks. Risks will be analysed at the level of the partner by undertaking due diligence activities and a comprehensive capacity assessment (the category /score of the partner risk will determine the funding instalments and reporting frequency); as well as at the level of the fund. Funding decisions should take into account risk analysis at both levels suggesting the appropriate assurance mechanisms.

Risk Management Process Overview

1. Establish context
2. Risk identification
3. Risk analysis
4. Risk evaluation
5. Risk treatment
6. Monitor and continuous review of risk identified and identification new risks as they emerge.
3.2 Fund-level risk management

A number of strategic, programmatic, financial and management risks are inherent as part of the administration of any funding mechanism. The fund-level risk analysis and management based on OCHA’s Global Guidelines for Risk Management of Country-based Pooled Mechanism, identifies key risks that may prevent the LHF from attaining its objectives and/or lead to reputational risks. It is a management tool designed to assist the HC in making strategic decisions mitigating the risks faced by the LHF and enabling the fund to achieve its objectives.

The fund-level risk management framework consolidates all activities and functions that mitigate key risks under one umbrella. It is developed according to a specific methodology. The analysis will be conducted on a yearly basis. The identified risks and associated mitigation strategies will be reviewed and monitored by the HC in consultation with the AB and with the support of OCHA Lebanon.

Please refer to Annex 3: Risk Management Framework.

3.3 Partner-level risk management (Risk-based Grant Management)

In line with the Operational Handbook for CBPFs, there are 4 components to risk-based grant management:

- The capacity assessment of NGO partners, including reference to registration and due diligence;
- The operational modalities;
- The performance management;
- The compliance mechanisms.

NGOs interested in applying for funding under the LHF have to participate in a capacity assessment process to become eligible as partners. This is one of the four major pillars of the LHF Accountability Framework. The main aim is to ensure that the HFU is equipped with the necessary information about the capacities of the non-governmental partners with access to LHF funding.

The capacity assessment process is comprised of two inter-linked steps, each with its own review and feedback system to ensure transparency.

**Step 1: Registration**

Prospective partners initiate the process to become a partner and request access to the Grant Management System (GMS) by contacting the HFU and submitting a copy of their registration certificate (preferably in English), indicating the full name of the partner. The registration certificate is required, and is submitted prior to granting access to the GMS to avoid a possible naming discrepancy in GMS that will thus create delays in generating and preparing the grant agreement and the disbursement process.

**Step 2: Due Diligence**

Once the registration process is conducted, the partner is granted access to the GMS (gms.unocha.org) and the Due Diligence (DD) process begins. A thorough review of DD applications and documents is performed to ensure that partners meet the minimum requirements listed below and is a key initial step to safeguard the accountability of the Fund.

Once access to the GMS is granted, the partner must complete the DD requirements and forms in the GMS. DD documents include:

(i) Application form
5. Declaration of Accurate Information

(iii) Registration certificate in the country of operation. If the organization cannot register in the country of operation, the HC may choose to accept a registration certificate from another UN Member State (similar certificate submitted for registration in the step 1 above).

(iv) Bank account information (see Annex 5)

(v) Bank statement, if the account name is different from the partner name in the registration, a letter by the organization (on official letterhead, signed and stamped by its authorized signatory) is necessary, certifying that the bank account as per bank statement belongs to the organization under the name registered in the GMS.

(vi) Identification documents (copy of passport or Identity Card) and curriculum vitae (CV) of the legal representative in country of the organization.

The main aim of this assessment is to ensure that the HFU possesses basic information about the NGO and necessary information regarding their capacities.

The HFU will conduct a review of the application and documents submitted. Any missing or inaccurate information will affect the application process. Therefore, partners will not be able to submit project proposals until Due Diligence Part is completed.

**Step 3: Capacity Assessment Processes**

Following the successful completion of Step One and Two, the HFU will request the prospective implementing partner to submit the full package of documentation required to complete the capacity assessment application. The HFU will use this information to conduct a capacity assessment specifically tailored for the LHF and the Lebanon operational environment. The organisational information requested under the capacity assessment is much more comprehensive than the information requested through the due diligence, and includes annual reports, financial statements, audit reports, policy documents and other information. The complete list of required documentation is included under Annex 5-6: Due Diligence and Capacity Assessment Application.

The NGO capacity assessment will be carried out by the OCHA HFU. The capacity assessment methodology includes a desk review of the documentation received from the organisation, interviews with key informants and, as required and to the extent possible, visits to the organisation’s main office or sub-offices/regional offices where interviews will be conducted with staff members, systems verified and additional documents requested. The capacity assessment uses a standardised assessment process to determine whether an NGO has a sufficient level of institutional, managerial, financial and technical capacity to be considered for funding. Organisations found to be eligible are categorised according to a specific risk level. The principle is that the higher the risk, the more stringent assurance mechanisms will apply. The system encourages improvements in capacity as partners can migrate to lower risk levels through good performance and by addressing capacity weaknesses. The score bands of each risk level rating are low, medium, and high (see Table 3: Partner Risk Levels).
Step Four: Risk Rating

Based on the score obtained during the capacity assessment, eligible partners will be categorized in three risk-level categories (low, medium and high). The HC, in consultation with the AB, sets the threshold for eligibility as well as score bands of each risk level. The score, and resulting risk level will determine the operational modalities and control mechanisms that are applicable as defined in the Fund’s Accountability Framework. These include disbursement modalities, frequency of narrative and financial reporting, and planning for monitoring visits and spot checks, in accordance with the various risk levels, as well as with the duration and budget of the project.

Table 3: Partner Risk Levels *THIS SCALE MIGHT BE UPDATED IN 2019*

<table>
<thead>
<tr>
<th>Category</th>
<th>Scoring Points</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>91 - 100</td>
<td>Organisation is eligible as a Low Risk partner.</td>
</tr>
<tr>
<td>Category B</td>
<td>71 - 90</td>
<td>Organisation is eligible as a Medium Risk partner.</td>
</tr>
<tr>
<td>Category C</td>
<td>31 - 70</td>
<td>Organisation is eligible as a High Risk partner.</td>
</tr>
<tr>
<td>Category D</td>
<td>0 – 30</td>
<td>Organisation is not eligible. The LHF will consider a new submission at least six months after the review date.</td>
</tr>
</tbody>
</table>

Ineligible partners

Partners who do not qualify and are considered ineligible would be given another opportunity to submit required documents for a Capacity Assessment to the HFU after 6 months, provided that they can demonstrate that the elements that caused the rejection have been addressed.

Risk Levels and Operational Modalities

Eligible partners’ risk levels will determine the control mechanisms that will apply in their management of LHF project(s) and consists of adjusting the following elements:

1. Disbursement policy (i.e. number and percentage of disbursements)
2. Funding ceiling
3. Field monitoring visits
4. Financial spot checks
5. Narrative reporting requirements
6. Financial reporting requirements
7. Project audit

The risk level of each implementing partner is a dynamic rating that can change over time through the interactions between the partner and OCHA. Performance in the implementation of LHF projects can trigger changes in the risk level: timeliness of reporting, achievement of project objectives and targets, findings of audits, financial spot-checks and field monitoring visits, are all elements that influence the risk rating of partners. In addition to these dynamic elements, partners that have been assessed but have not implemented LHF projects and have no performance history will be re-assessed after three years since the completion of the previous assessment. Assurances such as disbursement modalities, frequency of narrative and financial reporting, monitoring visits, and audits are modulated in accordance with the various risk level, as well as with the duration and budget amount of the project. Table 4 provides an overview of the modulation of the control mechanisms based on three elements: the partner’s risk level, the budget amount, and the project duration.
The mission of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors.

### Table 4: Operational Modalities and Control Mechanisms

<table>
<thead>
<tr>
<th>Risk level</th>
<th>Project duration (months)</th>
<th>Project value (thousand USD)</th>
<th>Maximum amount per project (thousand USD)</th>
<th>Disbursements (in % of total)</th>
<th>NGO</th>
<th>For disbursements</th>
<th>Narrative reporting</th>
<th>Monitoring</th>
<th>Project monitoring</th>
<th>Financial spot-check</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31-Jan</td>
<td>Final</td>
<td>Progress</td>
<td>Final</td>
<td>Final</td>
<td>Final</td>
</tr>
<tr>
<td>High</td>
<td>&lt; 7</td>
<td>&lt; 250</td>
<td>60-40</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>High</td>
<td>&gt; 250</td>
<td>800</td>
<td>50-60</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>High</td>
<td>7 - 12</td>
<td>&lt; 250</td>
<td>40-40-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>High</td>
<td>&gt; 250</td>
<td>800</td>
<td>40-30-30</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Medium</td>
<td>&lt; 7</td>
<td>&lt; 250</td>
<td>100</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Medium</td>
<td>&gt; 250</td>
<td>700</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Medium</td>
<td>7 - 12</td>
<td>&lt; 250</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Medium</td>
<td>&gt; 250</td>
<td>1 000</td>
<td>60-40</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Low</td>
<td>&lt; 7</td>
<td>&lt; 250</td>
<td>100</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Low</td>
<td>&gt; 250</td>
<td>1 000</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Low</td>
<td>7 - 12</td>
<td>&lt; 250</td>
<td>100</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Low</td>
<td>&gt; 250</td>
<td>1 000</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>UN Agencies</td>
<td>N/A</td>
<td>&lt; 7</td>
<td>-</td>
<td>100</td>
<td>Yes</td>
<td>Yes</td>
<td>-</td>
<td>Yes</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UN Agencies</td>
<td>7 - 12</td>
<td>-</td>
<td>100</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>1 mid</td>
<td>Yes</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Additional field visits/financial spot checks maybe be conducted based on the findings of the 1st monitoring.
In line with the operational modalities described above, the number and percentage of each disbursement, as well as the narrative and financial reporting requirements will be clearly stipulated in the grant agreement between OCHA and the implementing partner.

Depending upon partner risk level and/or spot-check findings, the HFU may request additional financial reporting. The frequency of additional reporting is based on risk level and/or financial spot-check findings.

Under exceptional circumstances, the limits on the “Maximum amount per project” and the number of “Disbursements” can be modified. Only solid programmatic reasons, duly explained and documented, can justify such exceptions. Exceptions to the operational modalities shall be submitted through OCHA HQ/FCS for approval to the EO (or a duly delegated officer).

In the case of projects implemented by UN agencies, 100 per cent of the approved budget will be disbursed upon signature of the grant agreement.

3.4 Performance Index (PI)

The PI tool is a key part of the accountability framework, and will allow OCHA to have an updated rating of partner performance. The rating of the performance of partners in the implementation of projects will be used alongside the original capacity assessment to determine and adjust as necessary partner risk levels.

The PI tool has been developed to support the HFU to score the performance of partners on LHF-supported projects from submission to closure. During project implementation, the following categories of partner performance are tracked and scored: i) quality and timeliness of submissions of project documents (proposals, budget and concept notes); ii) quality and timeliness of implementation against approved targets; iii) quality and timeliness of reporting; iv) frequency, timeliness and justification of project revision requests; v) quality of financial management; and vi) audit findings. The scores assigned to each project on the above categories will be summarized in a Performance Index (PI).

The PI score is captured in GMS and is used along with the original capacity assessment score to determine the performance score and risk level. In order to reward sound project implementation, the score from PI will progressively be given more weight and the capacity assessment score will become less significant as partners implement more projects.

The partners’ scores on the most recent projects will be considered the most important and given the most weight in calculating the overall risk rating score. The calculation and relative weighting of project scores and the original capacity assessment is explained in Annex 6, Performance Management Tool, tab 2 - PPI and Capacity Assessment. The scoring and the weighting are standardized across funds and the GMS will make the calculations.

If the overall risk score of a partner reaches a threshold at which the risk level of the partner should be adjusted, the Fund Manager will be notified automatically through the GMS. However, the GMS will not automatically revise the risk level of a partner. Following the GMS notification, the Fund Manager should notify the partner about the adjustments and adjust the risk level manually.

Eligible partners that have not implemented CBPF-funded projects for more than three consecutive years will be required to undergo a new capacity assessment.

If a partner performs poorly consistently and its risk rating score moves from high risk to the threshold of
ineligibility, it will be rendered ineligible on the basis of poor performance. Ineligible partners can re-apply for capacity assessment one year after being rendered ineligible, provided that they can demonstrate that the elements that caused the poor performance have been addressed.

UN Agency projects must also be scored for performance in all areas with the exception of the audit. The PI score can be used to assess future funding decisions and frequency of monitoring. The monitoring mechanism can be tailored to the type of project such as stakeholder satisfaction survey for pipeline projects.

3.5 Compliance mechanism

Through the aforementioned accountability mechanisms, the HC will aim to safeguard programmatic and financial management of HFs. Compliance measures enables the HC to address noncompliance with the legal terms agreed between the fund and the recipient organization, especially related to the following types of situations:

- Overdue financial or narrative reports;
- Non refund of unspent funds;
- Critical (high risk) audit findings/qualified audit opinion (especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents);
- Critical findings from monitoring and financial spot checks;
- Violation of humanitarian principles and code of conduct (including PSEA);
- Indication of possible fraud, corruption or misuse of funds.

The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework described above or relevant contractual agreement, the HC, through the HFU, will take progressive actions to address partners’ behavior. Amicable solutions should be pursued to the extent possible.

3.5 Monitoring and Reporting Requirements

The monitoring and reporting framework is based on the assumption that LHF-funded partner organisations will have adequate internal mechanisms to meet project management, monitoring and reporting requirements and generate quality performance information. These mechanisms are expected to be in line with the size of their operations and the nature of their organisation. The capacity of each organisation will be verified during their capacity assessment, during the project approval process and, finally, during the monitoring and reporting phase.

Building on and acknowledging the role of these systems, the monitoring and reporting framework has the following key objectives requested by the partner:

- To ensure adequate verification of reported results at project level, thereby, contributing to increased accountability;
- To ensure that resources are used efficiently and according to agreements in project documents and LHF allocation papers;
- To support partners during their implementation of LHF-funded activities.

**Monitoring** is the systematic collection, analysis and use of information from a project to learn from the experience, account for the resources used and the results obtained, and to take decisions on the implementation of the project.

**Evaluation** is the systematic and objective assessment of an on-going or completed project to make a statement on its relevance, effectiveness, efficiency, impact and/or sustainability.
In line with the Grand Bargain commitments, in 2017 OCHA revised the CBPF reporting templates to align it with simplified reporting requirements that have been agreed to under the grand bargain and referred to as “8+3”. The new report template has been adopted by the Lebanon Humanitarian Fund as of end 2018.

Direct Monitoring

OCHA will complement partners’ internal systems by monitoring LHF-funded projects. All implementing partners are subject to monitoring.

Field site monitoring, implemented by OCHA and supported by the sectors, is a critical component of the overall framework in order to verify that LHF-funded projects are delivering against targeted outputs, and to allow the HC and sectors to assess the qualitative aspects of program implementation. A field monitoring visit should, at a minimum, collect information that: assesses the timeliness of overall project implementation; verifies reported results; assesses progress on key project activities; assesses the monitoring and reporting setup of the implementing partner; and carries out financial spot checks.

Financial Spot Check - Financial spot checks will be conducted to assess the soundness of the internal controls and the accuracy of the financial records of the partner. A financial spot check should be conducted based on the risk level of the partner and the operational modality of the Fund. On-site financial spot checks by HFU staff and special audits by audit firms may be conducted on the basis of Operational Modality, or when warranted due to concerns about the functioning of the partner’s internal controls. It is advisable that at least one spot check per partner per year be conducted.

As LHF partner organizations’ monitoring systems will form the backbone of monitoring, the tools described in this section will serve to ensure an additional level of verification of project results.

<table>
<thead>
<tr>
<th>Implementing partners are expected to have adequate internal mechanisms for project management, reporting and monitoring in place. The capacity of each organisation will be verified during the capacity assessment process, during the project approval process and, finally, during the monitoring and reporting phase. Project performance information is effectively generated through internal mechanisms developed by implementing partners. It is the Fund’s role to collect, organise and provide quality control of the information generated through these mechanisms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The LHF will design context-appropriate monitoring methodologies and apply them based on the Operational Modalities. The HC will be responsible for ensuring that a representative sample of projects funded under the</td>
</tr>
</tbody>
</table>
LHF is effectively monitored through appropriate monitoring modalities. The HFU is further responsible for coordinating monitoring efforts and ensuring that monitoring of projects is carried out.

Roles and Responsibilities
Effective monitoring relies on agreement on the roles and responsibilities of all stakeholders. It is necessary to outline the roles and responsibilities during the different stages:

- The preparation stage: establishing what will be monitored by whom, when and how;
- The monitoring stage: collecting, collating and analysing the information;
- The reporting stage: releasing the monitoring information under various formats).

OCHA, in consultation with the AB, will ensure that there is adequate staffing within the HFU to ensure correct Monitoring and Reporting (M&R) functions. Amongst other functions the HFU will be responsible for:

- Developing, maintaining and updating a comprehensive LHF monitoring plan;
- Reviewing and analysing information collected through monitoring activities and reporting.

Performance Management - Performance Index (PI)
Partner capacity assessments reflect the capacity of a partner at one particular point in time. The capacity of an organization develops over time as does the risk that the organization poses to OCHA. In order to capture such changes and ensure they are reflected in the risk level of the partner, OCHA carries out a thorough analysis of partners’ performance throughout the implementation of the project.

Once a grant is received from the LHF, the HFU will review and analyse the partner’s performance throughout project implementation. In particular, HFU will track and score the partner’s performance in relation to:

- The quality and timeliness of submissions of project documents (proposals, budget and reports);
- The quality and timeliness of implementation against approved targets;
- The quality and timeliness of reporting;
- The frequency, timeliness and justification of project revision requests;
- The quality of financial management;
- Audit findings.

The scores assigned to the partner in each of these factors will be summarized in a Partner Performance Index (PI). The average on the PI for each of the projects implemented during the year will give the partner’s annual PI. The PI will impact on the risk level determined through the initial capacity assessment, and result in an improvement or deterioration of the risk level. The PI will also be applicable for UN agency-implemented projects.

The weighting of projects in calculating the performance rating and risk level is adjusted as and when the partner completes more projects. I.e. An increased weight-age is given to the performance based on the most recent projects completed by the partner.

The scores assigned to the partner for each of these factors will be summarized in a Partner Performance Index (PI) as shown in table below:
Table 5: Performance Index

<table>
<thead>
<tr>
<th>Performance</th>
<th>From</th>
<th>To</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Poor (0)</td>
<td>0.00</td>
<td>49.99</td>
<td>No further funding allocation for a 12 month period. To be considered eligible again, a NGO will have to demonstrate improvements in the areas of weakness through a new capacity assessment.</td>
</tr>
<tr>
<td>Poor (1)</td>
<td>50.00</td>
<td>59.99</td>
<td>No further funding allocation for a 6 month period. To be considered eligible again, a NGO will have to demonstrate improvements in the areas of weakness through a new capacity assessment.</td>
</tr>
<tr>
<td>Below Average (2)</td>
<td>60.00</td>
<td>69.99</td>
<td>Allocation possible if reviewed by the HC.</td>
</tr>
<tr>
<td>Average (3)</td>
<td>70.00</td>
<td>79.99</td>
<td>Allocation possible.</td>
</tr>
<tr>
<td>Above Average (4)</td>
<td>80.00</td>
<td>89.99</td>
<td>Allocation possible.</td>
</tr>
<tr>
<td>Good (5)</td>
<td>90.00</td>
<td>94.99</td>
<td>To be considered favourably during the review process.</td>
</tr>
<tr>
<td>Outstanding (6)</td>
<td>95.00</td>
<td>100.00</td>
<td>To be considered favourably when more than one application is received for a similar intervention.</td>
</tr>
</tbody>
</table>

3.6 Reporting and Evaluations

Reporting

The Lebanon LHF requires reporting to ensure that activities are on track to reach proposed objectives. To the extent possible, UN agencies and NGOs are treated equally in relation to their reporting requirements. Narrative and financial reporting requirements for NGOs are determined according to the Operational Modalities described above (NB: All reporting is carried out through the GMS). It is determined by:

- Duration of projects (applicable to both UN Agencies and NGOs);
- Partner risk level (applicable only to NGOs);
- Total project budget (applicable only to NGOs);
- Requirements for Annual Report.

Both financial and narrative reporting is conducted over GMS.

As for the disbursement, projects implemented by UN agencies, 100 per cent of the approved budget will be disbursed upon signature of the GA while the 2nd and subsequent instalments for NGOs could be requested by the IP upon expenditure (no commitments) of 70% of the previous instalment received.

Table 6: Reporting Requirements

<table>
<thead>
<tr>
<th>Narrative Reporting</th>
<th>Financial Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UN International Red Cross and Red Crescent Movement</strong></td>
<td>UN agencies will submit an interim financial statement to reflect expenditure incurred for project activities up to 31 December of each year by the 31 January of the following year. Interim financial statements will be submitted every calendar year until the submission of the final financial statement. Upon completion of the project a final financial statement covering the period between inception and completion of the project will be due no later than 30 June of the following year. Financial statements for UN agencies and NGOs are collected through the GMS.</td>
</tr>
<tr>
<td>UN agencies will submit a final narrative report within two months of completion of the project. If the duration of the project is between 7-12 months, UN agencies will also submit a progress narrative report to reflect achievements at midpoint of the project implementation. Narrative reports for UN agencies and NGOs will be submitted through the Grant Management System (GMS).</td>
<td></td>
</tr>
</tbody>
</table>
### NGOs

NGOs are required to submit regular narrative reporting according to the risk level assigned to the partner.

The frequency of financial reporting is determined by the contractual agreement with the NGO and according to the risk level assigned to the NGO.

### UN Agencies and NGOs

The United Nations Office for the Coordination of Humanitarian Affairs (OCHA), as part of the United Nations Secretariat, is adopting the International Public Sector Accounting Standards (IPSAS). In this connection, OCHA is required to provide information for the preparation of the IPSAS adjustments and opening accounting balances as of 01 January 2020.

As part of these preparations, OCHA must obtain financial statements (interim or final) for all the grants provided to IPs in the context of the Humanitarian Pooled Fund. For this purpose OCHA may ask for financial reporting covering the period not stated in the above summary.

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### 3.7 Audits

UN agencies are subject to internal oversight audit systems and other mechanisms established by their respective governing bodies. NGO partners receiving funds from the LHF are subject to external audit by the LHF.

The external audit is an oversight mechanism and an essential component of the accountability framework. It enhances the transparency and sound financial management of resources allocated through the LHF.

External audits allow the HC to obtain evidence-based assurances on the use of funds transferred to NGOs. In particular, external audits help to mitigate financial risks, including the misuse of resources and fraud; identify weaknesses in financial and operational management and recommend critical improvements; and identify ineligible expenditures.

External audit findings provide essential feedback to the partner and the system, promoting continuous improvement of NGO financial and operational management and performance, and enabling the HC to make better-informed funding decisions.

The HFU will keep a log of all audit findings to ensure that partners address previous findings on management weaknesses before applying for new LHF funding. The audit results will feed into the performance of the grantees.

### 3.8 Appeals process and arbitration

LHF stakeholders with insufficiently addressed concerns or complaints regarding the Fund processes or decisions can at any point in time write to lebanonhumanitarianfund@un.org with these concerns. The OCHA Head of Office will share with the Advisory Board such concerns or complaints review, address and, if necessary, raise the issues to the HC, who will then take a decision on necessary action. Please send any complaints with the subject line “LHF COMPLAINT”.

The same email address is available to receive feedback from stakeholders who believe they have been treated incorrectly or unfairly during any of the CBPF processes. OCHA will compile, review, address and –if necessary- raise the issues to the HC, who will then take a decision on necessary action.
SECTION 4: ADMINISTRATION OF THE LHF

4.1 Basic definitions and guidance on the project budget preparation process

The Financial Guidance Note (Annex 7) provide partners with a common framework to facilitate appropriate preparation of project budgets. They focus on defining eligible and ineligible costs, direct and indirect costs (e.g. Programme Support Costs – PSC), shared cost, budget categories and the adequate breakdown of budget lines. This guidance applies to all partners.

4.1.1 Rationale and Basic Principles of the Project Budget

A clear segregation of duties underpins the preparation, review and clearance of the project budget. This is critical to preserve the country-driven nature of CBPFs and necessary to ensure central and internal controls to reduce the risk of approving erroneous or inappropriate project budgets (e.g. miscalculations, inconsistency, and lack of transparency or admission of ineligible costs). In this regard, fund managers in the field, certifying finance officers at headquarters, and partners have the following specific roles and responsibilities:

Fund managers are responsible to ensure that:
- The principles of economy, efficiency, effectiveness, transparency and accountability are adhered to in the sense that the project budget inputs are commensurate with the planned activities and the expected outputs, more specifically, that the project budget is a correct, fair and reasonable reflection of the project proposal/logical framework.
- The cost estimates are reasonable in the specific country context so that funding will be used in the most efficient way.

The role of certifying finance officers in headquarters is to:
- Verify the budget’s factual correctness, checking coherence with the project proposal and logical framework.
- Flag concerns and seek clarification from fund managers on issues that may compromise compliance with UN rules and affect financial transparency and accountability.

In the budgeting process, partners are expected to:
- Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project.
- Use and comply with the budget template (Global CBPF Guidelines Annex 9 a and b: Project Budget and Financial Reporting Tool) and guidance provided by OCHA for the classification and itemisation of planned costs.
- Provide a budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of every budget line. For example, shared costs, expensive assets, and costs/equipment required to support the regular operation of the partner, are clear cases that require a budget narrative.

4.1.2 Eligible and Ineligible costs

*Eligible costs*

The following attributes define the nature of eligible costs:
• Must be necessary and reasonable for the delivery of the objectives of the project.
• Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
• Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.

These may include:
• All staff costs (including salaries, social security contributions, medical insurance, hazard pay (when applicable) and any other cost included as part of the salary benefits package of the organization. Salaries and costs may not exceed the costs normally borne by the partner in other projects.
• Costs for consultancies involved in the implementation of the project.
• Support staff costs at country-level directly related to the project.
• Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel that may also be eligible, provided the costs do not exceed those normally borne by the partner.
• A contribution to the partner’s Country Office costs, as shared costs charged on the basis of a well explained calculation and reasonable allocation system. Shared costs must be itemized.
• The financial support to beneficiaries, including cash and voucher-based distribution.
• Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage and distribution costs.
• Costs related to non-expendable items (assets) such as equipment, information and technology equipment for registration and similar field activities, medical equipment, water pumps and generators.
• Expenditure incurred by the partner related to awarding contracts required for the implementation of the project, such as expenses for the tendering process.
• Costs incurred by sub-implementing partners, directly attributable to the implementation of the project.
• Other costs derived directly from the requirements of the grant agreement such as monitoring, reporting, evaluation, dissemination of information, translation and insurance, including financial service costs (in particular bank fees for transfers).
• VAT (depending on the 2018 LHF Guidelines on VAT, see Annex 7)

Ineligible costs
The following costs are ineligible:
• Costs not included in the approved budget (taking into consideration duly approved budget revisions).
• Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
• Debts and provisions for possible future losses or debts.
• Interest owed by the implementing partner to any third party.
• Items already financed from other sources.
• Purchases of land or buildings.
• Currency exchange losses.
• Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.
• Government staff salaries.
• Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).
• Incentives, mark-ups, gifts to staff.
• Fines and penalties.
• Duties, charges, taxes (including VAT) recoverable by the implementing partner (depending on the 2018 LHF Guidelines on VAT, see Annex 7).
• Global evaluation of programmes.
• Audit fees/system audit fees – these costs are paid directly by the fund.4

Other Types of costs
On a case-by-case basis and depending on the objectives of the fund, the fund manager retains the flexibility to consider the following costs as eligible:
• Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives.
• Visibility material of the implementing partner directly related to projects funded by LHF International travel costs when directly linked to the delivery of the project objectives. When international travel costs are requested to support additional activities outside those of the project, such costs can only be considered if they are well justified and in the proportion attributable to the project.
• Vehicles.
• Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior LHF funding.
• Equipment for the regular operations of the implementing partner.
• Recurrent costs for the implementing partner’s current operations.

4.1.3 Direct and Indirect Costs
There are two categories of eligible expenditures: direct costs and indirect costs.

Direct Costs
Direct costs have to be clearly linked to the project activities described in the project proposal and the logical framework. They are defined as actual costs directly related to the implementation of the project to cover the costs of goods and services delivered to beneficiaries, and the costs related to the support activities (even partial, such as a security guard or a logistician partially working for the project), required for the delivery of services and the achievement of the project objectives.

Direct costs include:
• Staff and related personnel costs, including consultants and other personnel.
• Supplies, commodities, materials.
• Equipment.
• Contractual services.
• Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
• Transfers and grants to counterparts.
• General operating and other direct costs including security expenses, office stationary, and utilities such as telecommunications, internet, office rental and other direct costs, including expenses for monitoring, evaluation and reporting, related to the implementation of the project.

Indirect Costs
Indirect costs are referred to as Programme Support Costs (PSC). PSC are all costs that are incurred by the implementing partner regardless of the scope and level of its activities and which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include corporate costs (i.e. headquarters and statutory bodies, legal services, general procurement and recruitment etc.) not related to service provision to a particular project. PSC is charged as a maximum 7 per cent of the approved direct

4 Those costs are charged as a direct cost for the management of the fund.
expenditures incurred by the implementing partner.

Programme Support Costs of sub-implementing partners associated to the implementation of a specific project must be covered by the overall maximum 7 per cent of the actual project expenditures.

Indirect costs do not have to be itemized in the project budget.

4.1.4 Shared Costs
Sharing costs between different donors and projects under a country programme of an implementing partner is an acceptable practice for CBPFs. The implementing partner may share certain Country Office costs to different uses and projects, for example staff, office rent, utilities and rented vehicles.

The following guidance applies to shared costs in the project budget:

- All shared costs must be directly linked to project implementation.
- All shared costs must be itemized in the budget, following standard accounting practice and based on a well-justified, reasonable and fair allocation system, to be clearly explained in the budget narrative of the project and assessed and approved by the HFU.
- The partner should always be able to demonstrate how costs were derived and explain in the project proposal/logical framework how the calculation was made (e.g. pro-rata, averages).
- If a position is cost-shared, the percentage of the monthly cost corresponding to the time that the person will dedicate to the project shall be budgeted. Portions of a unit may not be budgeted as staff costs; only percentages are acceptable.
- Non-staff shared costs must be shared on the basis of an equitable cost allocation system. Accordingly, the percentages in the budget are to be assessed and approved by the HFU.
- Shared-costs, including staff-related costs, should be charged for the entire duration of the project. If this is not possible, the rationale of the apportionment must be explained in the budget narrative.

4.1.5 Guidance on itemization of budget lines
Each budget line requires the following cost breakdown:

- Itemize each national and international staff, consultant and other personnel by function, and provide unit quantity and unit cost (monthly or daily rates) for each staff position.
- Any budget line whose total value exceeds $10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative.
- When budget lines contain costs of multiple items (exceeding $10,000) a budget breakdown should be included in excel listing item, unit, quantity, value or cost (per unit and total cost. Documentation must be uploaded in the GMS.

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5 Cost-shared staff positions that are intended to last the entire duration of the project should be charged for the entire period and charged as a percentage against the project (e.g. half of the cost of a guard in a 12-month project should be budgeted at 50 per cent of the monthly salary for 12 months). Durations shorter than the project are acceptable only if the position is not intended to last for the entire duration of the project. Partners have the option to record expenditures within the budgeted amount according to modalities that better suit their preferences (e.g. charging 100 per cent of for guard for 6 months).

6 This should be calculated as a percentage against the overall amount of the shared cost and charged as a percentage of the project value. It is preferable to charge shared costs for the entire duration of the project. Partners have the option to record expenditures within the budgeted amount according to modalities that better suit their requirements (e.g. to cover half of the rent of an office in a 12-month project, the partner should budget the rent for 50 per cent of the monthly cost for 12-month period. The partner may pay the full rent of the office for 6 months with the allocated budget).

7 Staff positions must be charged per unit. If staff costs are only partially charged to the given budget this must be reflected in the percentage (50 per cent of a staff, and not half of a staff at 100 per cent).
• Provide unit or quantity (e.g. 10 kits, 1,000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should properly reference unit measures (length, volume, weight, area, etc.).
• Provide technical specifications for items whose unit cost is greater than $10,000.
• Provide technical specifications for items whose unit costs can greatly vary based specifications (e.g. for generators, a reference to the possible range of power would be sufficient to properly evaluate the accuracy of the estimated cost).
• Provide details in the budget narrative so that the objective of the budget line can be clearly identified.
• Itemize general operating costs (e.g. office rent, telecommunications, internet, utilities) for project implementation providing quantity and unit cost. A lump sum for operating costs is not acceptable.
• Travel costs can be estimated as long as the calculation modality is accurately described in the budget narrative (e.g. providing estimates on the number of trips and average duration in days, daily subsistence allowance rates, etc.).
• Travel (In-country and International) or International travel: estimate number of trips and cost per trip.
• Provide list of items8 and estimated cost per item for kits when the cumulative budget line value exceeds $10,000.
• Provide the list of items for globally standardized kits such as Post-Exposure Prophylaxis kits and Interagency Emergency Health Kit. This does not include standard kits agreed upon in each country.
• In the case of construction works exceeding $10,000, only labour costs and known essential materials may be budgeted and itemized, providing unit/quantity and unit cost. The budget narrative should explain how construction costs have been estimated on the basis of a standard prototype of building (e.g. latrine, health post or shelter), type of materials (e.g. wood, prefabricated or brick/cement/concrete) and the formula or rationale used to estimate construction cost (e.g. per square foot or meter or previous experiences).
• The partner is responsible and accountable to ensure the budget(s) of the sub-implementing partner(s) adheres to the principles of economy, efficiency, effectiveness and transparency. The partner must ensure the sub-implementing partner(s) budget(s) are commensurate with the planned activities and outputs, and is reasonable in the specific country context. The sub-implementing partner budget should be provided as a single line under the budget category Transfers and Grants to Counterparts. The breakdown details are not required to be provided in GMS. However, at the request of OCHA and/or the auditors, the partner is responsible and accountable to provide the necessary detailed documentation to support the budget and expenditure incurred by the sub-implementing partner. The sub implementing partner’s budget and expenditure details must be available, if requested, at the same level of detail and format applicable to the main implementing partner. These documents must remain available for at least a period of 5 years after the project termination.

4.2 Signature of Grant Agreements

Standard Grant Agreement templates (see Global CBPF Guidelines Annexes 16 and 17, Grant Agreements with NGOs and UN agencies) must be used for contracting. No changes in the articles of the Grant Agreement are allowed.

The use of the GMS is the pre-requisite for implementing the process described below. The GMS supports the full implementation of standard procedures and due diligence processes, it provides support throughout the entire project cycle management, it is the repository of necessary supporting project documents and it ensures timely and effective implementation of control mechanisms to manage and mitigate risks associated with the

8 The list should be provided as an annex to the budget.
fund management.

Grant Agreements with UN agencies, NGOs, and Red Cross and Red Crescent Movement are prepared by OCHA Lebanon Office (normally the Humanitarian Financing Unit). Grant agreements are signed by the HC and countersigned by the authorized representative of the partner as recorded in the Due Diligence module of the GMS. Grant agreements are then sent to OCHA HQ/FCS for final approval and signature by EO (or a duly delegated officer).

Grant Agreements amendments (see Global CBPF Guidelines Annexes 18 and 19, Grant Agreements with NGOs and UN agencies) must be submitted to OCHA HQ/FCS by the fund manager through the GMS. The following supporting documents must be submitted:

- Copy of the Grant Agreement signed by the HC and partner.
- Project proposal (as approved by the HC).
- Project budget (as approved by the HC).

Signature of grant agreements has a processing time of up to 3 business days, provided that the documentation submitted to OCHA HQ/FCS is complete, accurate and consistent.

The grant agreement is only valid upon signature by both the HC and implementing partner. The start date, agreed by the HFU in consultation with the implementing partner, is indicated in the Annex B of the grant agreement. The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the grant agreement by the partner occurs after the agreed upon start date, the date of the signature of the grant agreement will determine the official start date of the project.

Expenditure is eligible from the date of signature by the partner, which marks the entry into effect of the grant agreement.

4.3 Revisions: no-cost extensions, budget modifications and project changes

Changes in a project may be required due to various reasons and may have different consequences to the project’s scope, duration and budget. Variations of all forms must be brought to the fund manager’s attention. The fund manager in consultation with cluster/sector coordinators will assess whether the proposed changes need formal written authorization, whether an amendment to the initial grant agreement is necessary (see Global CBPF Guidelines Annex 18, Amendment to Grant Agreement with NGOs, and Annex 19, Amendment to Grant Agreement with UN agencies) or whether the breadth of the proposed changes is such that the project needs to be terminated. Global CBPF Guidelines Annex 20 (Project Revision Request Form and 14 a and b (Budget Tool for Amendments) of these guidelines provide the format to request a NCE/Budget Revision.

Depending on the nature of the revision, relevant GMS workflows will be activated by the HFU allowing partners to request the required amendments.

A signed Grant Agreement Amendment will be required in the following circumstances:

1. Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category
2. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category
3. Change in duration of the project
4. Change of banking information relevant to the project
5. Any other changes that have financial or legal implications and are part of the Grant Agreement
The following changes do not require a Grant Agreement Amendment and will be approved in GMS through the ‘approval without GA amendment’ feature.

1. Change in project location, unless the entire project area has been changed.
2. Change in number of beneficiaries, unless this changes the nature of the project.
3. Change in approved project activity, unless this changes the project objective and key result.

4.3.1 No-Cost Extensions (NCEs)
No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the reasons justifying the request and evidence of progress collected through narrative and financial reports (i.e. progress/interim), or through field monitoring visits and financial spot checks.

Project Revision Requests should be submitted at least four weeks prior to the end of the project. Later submissions will not be considered.

The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project’s budget or activities. To extend the duration, an amendment to the original agreement must be signed by both parties.

4.3.2 Budget Modification
There are three types of acceptable budget revisions:

a) **Budget revision not exceeding 15 per cent of the approved budget.**
   I. This type of modification does not require formal authorisation by the HC, which means that within this limit the implementing partner has the flexibility to make adjustments to the project budget as needed throughout the implementation.
   II. Cost redeployments to budget categories not exceeding 15 per cent of the originally approved budget category are acceptable for all categories except the “Staff and other Personnel Costs” category. Any variation in “Staff and other Personnel Costs” should be approved in writing by OCHA.
   III. Redeployment must be done against existing budget lines.
   IV. Budget variations of this type, without prior consent, are acceptable as long as the activities retain the same scope and nature of the original grant.

b) **Budget revision exceeding 15 per cent**
   I. Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the HC authorization.
   II. The implementing partner will make the request to the HC (Global CBPF Guidelines Annex 18 Annexes 20: Project Revision Request Form and 9 a and b, tab 7, Budget Tool for Amendments), after prior consultation with the fund manager.
   III. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the implementing partner will also submit a revised logical framework.
   IV. The HC approval of such modification will be formalized through an amendment to the original grant agreement (inclusive of all necessary supporting documents, project proposal, and project budget).

c) **Addition of a new budget line**

Please note that:
- Under no circumstances should budget revisions increase the approved total budget.
• Budget line variations within the same category, not affecting the total value of the category, are acceptable without previous consent.
• Any additional budget lines within a category, even if they have no impact of the total amount of the category, require prior written consent of OCHA.
• Interest income earned on project funds must be reported in the Financial Statements.
• Interest income up to $10,000 can be used in line with previously approved project budget and activities with prior approval from OCHA. However, total expenditure of the project must not exceed the total approved budget.

4.3.3 Project Changes
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 by the HC through the OCHA HoO.

Major changes may require a project revision and subsequent amendment of the grant agreement. Project revisions are subject to the approval of the governing entities. Requests for project revision must be formally submitted to the HC by the recipient organization. The request should clearly explain why the grant agreement needs to be amended and indicate the current operational status of the project. A financial statement detailing expenditures incurred to date should be submitted (Annex 9a. and b. Project Budget and Financial Reporting Tool). See paragraph 254 for revision requests that may not require Grant Agreement Amendment and will be approved in GMS through the ‘approval without GA amendment’ feature.

4.3.4 Project Closure
A project will be considered closed when the following conditions are met:
1. Final narrative report received and cleared by the fund manager. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The fund manager has up to one calendar month from receipt to review and clear the final narrative report.
2. Partners must submit the final financial statement (including an inventory of assets purchased under the grant with purchase value over $10,000 per asset) within 2 calendar months after the end of the project implementation (including NCEs). Once the final financial statement has been received, it will be pre-cleared by the fund manager and cleared by OCHA HQ/FCS (within one month).
3. After clearance of the Financial Final Report (FFR), projects will be audited within 2 months.
4. OCHA HFU and FCS will review and close the project within 2 months from receipt of the audit report.
5. Following the closure of a project and its audit (when applicable), partners will be notified by OCHA about the exact amount to be refunded. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures (Global CBPF Guidelines Annex 15, Compliance Measures). Proof of payment needs to be received and acknowledged by OCHA.

OCHA reserves the right to audit NGO partners (see 6.6 below). On this basis, OCHA may also request the reimbursement of unspent or qualified expenditures. Upon written notification from OCHA, the implementing partner shall refund the requested amount within one calendar month.

4.4 Audits process
OCHA will apply a risk-based approach\(^9\) to audit partners by sampling a certain volume of resources for high,

\(^9\) While developing detailed guidelines to introduce partner risk-based audit, OCHA will continue to maintain a project-based approach to audit.
medium and low risk NGOs partners. Data on global allocation of resources are analysed at OCHA HQ to determine (i) the size and composition of the sample (i.e. percentage of the total amount allocated that should be audited; focus on specific countries) and (ii) propose country audit plans for each CBPF.

The composition of the sample must include high, medium and low-risk partners. This maximizes the objective of the audit as an oversight mechanism (to manage financial risks where they are likelier to materialize); while also signalling partners that they can be randomly audited, to further mitigate residual risks.

Partner-risk level and allocation amounts will not be the sole basis to determine the sample. Safeguards will be applied while defining audit plans. Criteria such as the size of a specific partner portfolio, or a specific percentage of allocated versus available resources in a year would be used to sample partners beyond the risk-based approach. Specific thresholds and percentages will be determined between the OCHA Lebanon Office and headquarters.

Within a three years’ period, all NGO partners who have received funding through a LHF must be audited.

The HFU will provide inputs and recommendations to inform the establishment of the country audit plan to ensure adequate consideration of contextual elements. The country audit plans are drafted by OCHA HQ/FCS in discussion with the OCHA Lebanon Office and approved by the EO (or delegated officer).

Once the audit plan is agreed upon, the HFU will inform the selected NGOs and trigger the audits.

The global Long-Term Agreement (LTA) for audit services has been lately established in 2018 by OCHA FCS. This agreement provides a framework for audit services for each region including the provision of special audits for LHF implementing partners. Two audit companies have been contracted to provide the relevant audit services in each region.

The costs of auditing services will be covered by the LHF as a direct cost of the fund.

SECTION 5. CROSS CUTTING ISSUES

5.1 Gender

There is universal acceptance that humanitarian assistance must meet the distinct needs of women, girls, boys and men in order to ensure equal opportunities and access to assistance. It is recognized that in order for humanitarian action to effectively promote gender equality, focused action and deliberate attention are needed by all actors of the humanitarian community at the local, national and international level. Integration of gender considerations and actions to prevent and respond to Gender-Based Violence (GBV) into projects will generate positive and sustainable outcomes.

Partners to LHF should ensure that projects are designed, implemented, monitored and evaluated considering the specific needs and constraints faced by women, girls, boys and men. In order to do so, the Fund encourages the use of existing tools that are available at the systemic level to promote sound gender analysis and gender integration in projects. In this regard, partners should ensure routine collection, collation and utilization of sex and age disaggregated data and information in the whole project cycle.

The Inter-Agency Standing Committee (IASC) Gender Marker is utilized by all CBPFs throughout the programme cycle: prospective partners are required to indicate the Gender Marker code as part of the project proposal, and to report on how gender and GBV was addressed during implementation. Beneficiary
numbers should be broken down by sex, age and other diversifying factors whenever possible. If there are challenges and barriers to collecting disaggregated data and information, mechanisms should be put in place to address the gap during implementation. At the reporting stage, partners are required to describe how projects have contributed to promoting gender equality, including the prevention and response to Gender Based Violence.

Gender equality perspectives, including the Gender Marker code, are part of the assessment criteria used by Review Committees during project appraisal (see Global CBPF Guidelines Annex 23, IASC Gender Marker FAQs). LHF monitoring further assesses the extent to which gender considerations have been made as part of project implementation.

5.2 Accountability to Affected Populations (AAP)

Projects should adhere to the highest possible quality standards. As part of this effort, partners are encouraged to incorporate the various existing Accountability to Affected Populations (AAP) modalities into the design, implementation, management and monitoring of projects. At the project proposal stage, partners are asked to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. LHF reporting and monitoring procedures will seek to verify how this has been applied throughout project implementation. This will include, for the projects that will be monitored, making an assessment of the level of participation and access to information by project beneficiaries.

Partners are encouraged to seek guidance from existing resources on AAP. In particular, the following documents are important: (i) the five IASC Commitments to Accountability to Affected Populations (CAAP), (ii) the IASC Operational Framework on Accountability to Affected Populations, and (iii) the IASC Tools to assist in implementing the IASC AAP Commitments.

LHF stakeholders with insufficiently addressed concerns or complaints regarding the Fund processes or decisions can at any point in time write to lebanonhumanitarianfund@un.org with these concerns. The OCHA HoO will share with the Advisory Board such concerns or complaints review, address and, if necessary, raise the issues to the HC, who will then take a decision on necessary action. Please send any complaints with the subject line “LHF COMPLAINT”.

Relevant OCHA policies and guidelines on CPBFs can be found at http://www.unocha.org/what-we-do/humanitarian-financing/country-based-pooled-funds

This manual will be reviewed and presented to the Advisory Board no later than [01/2020].
ANNEXES

- Annex 1: Allocation paper sample and Template
- Annex 2: Scorecard for Project Prioritization (Example)
- Annex 3: Risk Management Framework
- Annex 4: Due Diligence, Capacity Assessment and Performance Index - Package
- Annex 5: Bank Account
- Annex 6: Financial Guidance Note
- Annex 7: 2018 LHF Guidelines on VAT cost-bearing

Additional templates, documents and annexes that are part of the Global CBPF Guidelines are available at: http://www.unocha.org/sites/unocha/files/Annexes_CBPF_Operational_Handbook_V1.2.zip and include:

Accountability annexes
- Risk Management Framework
- Eligibility documents
  - Eligibility process guidance
  - Due Diligence documents
  - Internal Capacity Assessment checklist
  - Internal Capacity Assessment questionnaire
  - Performance Management Tool
- Field monitoring template (Revised= 8+3 Harmonised Template)
- Financial spot-checks (ToR and reporting template)
- Compliance measures
- Fraud and other incident documents
  - Fraud report form
  - SOP on suspected Fraud and Misuse of Funds
  - Guidelines for HFU for incident reporting
  - Incident Report Form

Administrative templates
- Grant Agreement with NGOs
- Grant Agreement with UN Agencies
- Amendment to Grant Agreement with NGOs
- Amendment to Grant Agreement with UN Agencies
- Project Revision Request Form
- Delegation of Authority for Revision Approval (Revised)

Fund management documents
- CBPF Operational Manual Template (Revised)
- FTS Reporting Template
- Annual Reports Guidance Note (Revised)
- Allocation Paper Sample and Template
- CERF CBPF Complementarity Guidance Note
- Scorecards for Project Prioritization
- IASC Gender Marker FAQs

Project management templates
- Project Proposal Template
- Budget Preparation and Reporting Template
- Narrative Reporting Template
CONTACTS

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