

## Operational Manual

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### **FUND FOR INVESTIGATIONS INTO SEXUAL EXPLOITATION, ABUSE, AND SEXUAL HARASSMENT**

22 March 2019

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## Acronyms

*Below, spell out acronyms. We have provided a sample list which can be expanded or refined as necessary.*

CBPF	Country Based Pooled Fund
CERF	Central Emergency Response Fund
ERC	Emergency Relief Coordinator
GC	Grants Committee
IASC	Inter-Agency Standing Committee (IASC)
HRP	Humanitarian Response Plan
IP	Implementing Partner
M&R	Monitoring and Reporting
MOU	Memorandum of Understanding
NCE	No-Cost Extension
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
OIOS	Office of Independent Oversight Services
PP	Project Proposal
RRP	Rapid Response Plan
SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment
TOR	Terms of Reference

# I INTRODUCTION

## I.1 PURPOSE OF MANUAL

The purpose of the Operational Manual to describe the governance arrangements, allocation modalities and priorities, and accountability mechanisms of the OCHA Fund for investigations into sexual exploitation, abuse, and sexual harassment (Fund for Investigations of SEA/SH), as well as to detail the roles and responsibilities of the stakeholders involved.

Under the direction of the Emergency Relief Coordinator (ERC), the Fund for Investigations of SEA/SH aims to provide rapid grants to IASC organizations and affiliated partners who lack access to appropriate, dedicated and/or internal investigation capacity for cases of Sexual Exploitation and Abuse against beneficiaries or Sexual Harassment and Abuse against Aid Workers.

In order to meet this goal, this Manual is issued by the ERC to:

- i. provide clarification and instructions for all stakeholders involved in the management of the Fund
- ii. describe the steps and requirements of the allocation processes;
- iii. provide an overview of the general direction and programmatic focus of the Fund

The goal of this Manual is to guide implementing partners and facilitate the role of OCHA and members of the Grant Committee (see section IV.2 below).

## I.2 SCOPE OF MANUAL

The present document defines the regulations that govern the Fund for Investigations of SEA/SH. Adherence to the guidance is mandatory to ensure a standard and transparent processes.

# II PURPOSE AND SCOPE OF THE FUND

## II.1 PURPOSE

The Fund for investigations into sexual exploitation, abuse, and sexual harassment was established to help address the need for strengthened investigation capacity in the humanitarian sector. The ERC, as Chair of the IASC, announced on 1 June 2018 the establishment of the Fund. The purpose of the fund is to provide rapid grants to IASC organizations and affiliated partners who lack access to appropriate, dedicated and/or internal investigation capacity to investigate allegations of misconduct by the organization's staff in relation to Sexual Exploitation and Abuse against beneficiaries or Sexual Harassment and Abuse against Aid Workers. These investigations are administrative in nature and are not intended to replace criminal investigations or prosecutions.

## II.2 DEFINITIONS

**Investigation** – an administrative process internal to a partner organization which seeks to gather information to establish facts to allow for a determination as to whether misconduct has occurred. Misconduct is a failure by personnel to observe the rules of conduct or the standards of behaviour

prescribed by the partner organization. The organization may assist the responsible national authorities during the course of criminal investigations where appropriate and where mutually agreed and taking into account the views of the victim as appropriate.

**Sexual abuse** – actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. (As defined in UN Secretary-General's Bulletin ST/SGB/2003/13)<sup>1</sup>

**Sexual exploitation** – Any actual or attempted abuse of position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the exploitation of another. (ST/SGB/2003/13)

**Sexual harassment** – Sexual harassment is any unwelcome sexual advance, request for sexual favour, verbal or physical conduct or gesture of a sexual nature, or any other behaviour of a sexual nature that might reasonably be expected or be perceived to cause offence or humiliation to another, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. While typically involving a pattern of behaviour, it can take the form of a single incident. Sexual harassment may occur between persons of the opposite sex or same sex. Both males and females can be either the victims or the offenders. (ST/SGB/2008/5)

### II.3 SCOPE

The fund will be used to support the following activities:

- Contract individual investigative capacity or commission a qualified investigations service to conduct an investigation.
- Reimburse a provider of investigative services where an investigation is provided by a partner organization.
- Fund ancillary investigation costs including but not limited to translation services, transcription services, recording equipment, DNA testing, medical or forensic analysis

Any organization passing the due diligence whose application meets the requirements outlined within the manual is eligible to receive funding. If applications exceed current funding and capacity, the scope and prioritization of applications should be reviewed.

Where the conduct to be investigated may rise to the level of a crime, the investigation should proceed in support of the criminal investigation, if any, conducted by authorities with jurisdiction over the matter. The Grantee must immediately inform the Fund Manager of any such criminal investigation to determine if the administrative investigation should continue.

### II.4 LIMITATIONS

The Fund will not be responsible for recruiting investigation officers to conduct the investigations or maintaining a roster of investigators.

Grants will not be provided to build general investigation capacity or conduct PSEA trainings.

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<sup>1</sup> ST/SGB/2003/13 applies to UN personnel and affiliated partners

## III SUPPORTED ACTIVITIES, PARTNERS AND SOURCES OF FUNDING

### III.1 ELIGIBLE PARTNERS

Donor contributions to the Fund for Investigations of SEA/SH will be utilized to fund projects carried out by the following Implementing Partners (IP):

- UN Organizations (UN)
- National and international Non-Governmental Organizations (NGOs) and
- Organizations of the Red Cross/Red Crescent movement

All Implementing Partners applying for funding must also demonstrate the commitment of the requesting organization's management to adhere to, follow up and implement findings from the investigations and ensure a victim-centered approach to the investigation and the surrounding processes. Priority will be given to applicants that have a project included in [Humanitarian Response Plans](#) (HRP)<sup>2</sup> or [Refugee Response Plans](#) (RRP)<sup>3</sup> or equivalent and/or Implementing Partners that received funding (or is a partner of an agency that has received funding) from the [Central Emergency Response Fund](#) (CERF)<sup>4</sup> or [Country-Based Pooled Funds](#) (CBPF)<sup>5</sup>. The registration and due diligence requirements are outlined in section 7.

In order to promote quality investigations and meet fiduciary responsibilities for UN financed activities the following provisions will be included:

### III.2 RESOURCE MOBILIZATION

The Emergency Relief Coordinator (ERC) is responsible for setting and reviewing the available funding with support from the Ad-hoc advisory group. The OCHA Partnerships and Resource Mobilization Branch (PRMB) will engage in this exercise as needed. Among others, PRMB can (i) assist by reinforcing ERC messaging with donor counterparts to help crystalize donor support; (ii) advise on other fundraising opportunities that might be pursued; and (iii) give guidance on the best approaches to mobilise additional resources as required.

### III.3 ADHERENCE TO INVESTIGATION STANDARDS

All cases of potential sexual exploitation and abuse and sexual harassment must be reported in line with the governing requirements of the responsible IASC organization, and confirmation must be provided to OCHA that the IP has reported the case at the time of the submission of project proposal.

The investigation must be carried out in line with UN guidelines on investigation practice contained in the Conference of International Investigations [Uniform Principles and Guidelines for Investigations](#).<sup>6</sup> Best practice on a victim centered approach in the investigation context should also be adhered to, including minimizing the need to re-interview victims, obtaining informed consent to the investigation process, and keeping victims informed of the progress and outcome of the investigation. Special care must be taken with child victims – consent issues and protection

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<sup>2</sup> [www.humanitarianresponse.info/en/programme-cycle/space/page/strategic-response-planning](http://www.humanitarianresponse.info/en/programme-cycle/space/page/strategic-response-planning)

<sup>3</sup> [www.unhcr.org/refugee-response-plans](http://www.unhcr.org/refugee-response-plans)

<sup>4</sup> [cerf.un.org](http://cerf.un.org)

<sup>5</sup> [www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf](http://www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf)

<sup>6</sup> [www.conf-int-investigators.org/?page\\_id=415](http://www.conf-int-investigators.org/?page_id=415)

concerns, including protection after the investigation, must be considered prior to the commencement of the investigation. The implementing partner should also

The implementing partner must ensure that all comments and guidance provided by the investigation officer are addressed and implemented. Partners are ultimately responsible for ensuring that all considerations are operationalized in project activities, and that there is adequate capacity to address investigation and victim support needs.

#### **III.4 REVIEW AND REPORTING ON INVESTIGATION OUTCOMES**

Given the sensitivities around SEA/ SH, the investigation report and supporting material shall be submitted only to the Fund investigations officer for quality assurance and will be treated with strict confidentiality. The report must be in English.

The investigations officer then returns the report to the grantee for further action: i.e. additional investigative actions or whether recommendations can be brought forward.

A separate lessons-learned paper that can be shared shall then be submitted that outlines how the organization has addressed the findings of the investigation, highlighting lessons and detailing how systems were strengthened. This report should not contain the name of the IASC partner, or any personal or confidential information. The report must be in English.

The identity of IASC partners and all information related to the case will be treated as confidential, consistent with applicable UN rules for the handling of classified information (ST/SGB/2007/6).

In cases where perpetrators were found to have committed SEA/SH the names of the perpetrators and nature of SEA (abuse, exploitation, harassment and whether children were involved) will be entered in the UN Clear Check database, and the agency encouraged to participate in the [Misconduct Disclosure Scheme](#)<sup>7</sup> as appropriate.

An interim and final financial report should be submitted documenting the expenses incurred and must be submitted in English and in line with UN rules and procedures. An audit of the project will be conducted by an external firm to independently verify and confirm expenses incurred during the investigation.

#### **III.5 STAKEHOLDERS' RESPONSIBILITIES IN RELATION TO THE FUND**

##### **● OCHA Management:**

Through the fund OCHA's objective is to support investigations to deter sexual exploitation and abuse and sexual harassment. The ERC is responsible for establishing a process which encourages partners to apply for funding, selects qualified partners, supports investigations.

##### **● Partners:**

Partners are responsible for managing the investigation (including selecting investigators), for project activities, project outputs and for reporting accurately on results.

##### **● Sub-Implementing Partners or affiliated organizations:**

Funding proposals that involve an investigation carried out in cooperation with an affiliate organization or sub-implementing partner are eligible. An Agency, Red Cross or NGO may submit a proposal to support a small or affiliated organization to conduct an investigation. For example, IFRC may submit a proposal to help a national society of the Red Cross to conduct an

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<sup>7</sup> [www.schr.info/the-misconduct-disclosure-scheme](http://www.schr.info/the-misconduct-disclosure-scheme)

investigation or a UN agency may seek to help an implementing partner carry out an investigation. This arrangement must be clearly spelled out in the proposal and should add value as the lead organization should provide guidance to ensure a quality process.

The implementing organizations receiving funding are ultimately responsible for investigation activities, investigation outcomes and for reporting accurately on results.

## **IV GOVERNANCE**

### **IV.1 EMERGENCY RELIEF COORDINATOR**

The Emergency Relief Coordinator (ERC) holds authority over and is responsible for managing the Fund for Investigations of SEA/SH. The ERC monitors the performance of the fund and makes decisions on allocations. Upon review of preselected applications recommended by the Grants Committee, the ERC will approve or reject the awarding of funds. The ERC can also request further information from the Grants Committee before making a final decision.

### **IV.2 GRANTS COMMITTEE**

The Grants Committee (GC) is responsible for the review of the project proposals and recommending projects for approval. As outlined, the individual members of the committee also play important roles in the preparation of the grant agreement, oversight and support to investigation project implementation and closure of the investigation and provide guidance and policy direction to the Fund.

The Grants Committee is composed of an investigation officer (chair), legal officer, the IASC Fund Manager as secretary, and a staff member from OCHA's Executive Office. It will receive and review project proposals in relation to the fund scope and objectives as outlined in the Operational Manual and assesses the technical soundness and quality of project proposals. It will make a recommendation for ERC approval.

The GC also has an advisory function that supports the ERC to steer the strategy and oversees the performance of the Fund. The final decision-making authority rests entirely with the ERC.

### **IV.3 ROLES AND RESPONSIBILITIES**

#### **IV.3.1 OCHA SEA / SH SENIOR COORDINATOR AND FUND MANAGER**

The OCHA SEA / SH Senior Coordinator and Fund Manager is responsible for supporting the overall coordination and operation of the OCHA Fund for investigations into sexual exploitation, abuse, and sexual harassment. The Fund Manager will take a leadership role in the design and establishment of the fund, and develop and review tools for the applications, and reporting. The Fund Manager will ensure that IASC partners and affiliated organizations, and IASC SEA focal points are aware of the Fund. The Fund Manager will serve as focal point for the Fund, as secretary for the Grants Committee and the coordinator of the Ad-hoc advisory group. As required, the Fund Manager will prepare reports and work planning for the Fund.

#### **IV.3.2 INVESTIGATION OFFICER**

The investigation officer is responsible for the technical review of grant applications. During the review of project proposals, the investigation officer should review both the project proposal and the budget, to ensure that the project is in line with the purpose of the fund, and that the project budget is aligned with the project proposal. The investigation officer will provide feedback on grant

application, and advice on the selection of an investigator as appropriate. The investigation officer should provide technical advice including on UN investigation guidelines and other support as appropriate and review the final investigation report and provide recommendations to the ERC.

#### **IV.3.3 EO EXECUTIVE OFFICE STAFF**

The staff member from the OCHA Executive Office will review the budget of the project proposal to ensure that it meets UN Financial Rules and regulations and be part of the grants committee considering and recommending project proposals for approval by the ERC. The EO staff member will also review the grant agreement and ensure that the EO signs the final agreement, and then manage the processing and disbursement of funds to applying organization. The EO staff member will also support the due diligence process in areas of financial review, review all financial reports and budget, and coordinate the end of project and financial closure of all grant agreement.

#### **IV.3.4 LEGAL OFFICER**

The legal officer will serve on the grant committee and provide legal advice as required and appropriate throughout the process. The Legal Office will advise the GC, grant recipient and stakeholders on privacy and confidentiality concerns and support the referral of cases to national legal systems as appropriate, with the consent of the (adult) victim/survivor and taking into account protection concerns, including specific protections for child victims.

#### **IV.4 AD-HOC INTER-AGENCY ADVISORY GROUP**

An ad-hoc inter-agency advisory group will support the design, set-up and outreach efforts of the Fund. This group will help ensure that IASC partners are aware of the fund, and support partners to access and apply for funds as required. UN agencies, NGOs and the Red Cross community will be represented, and the committee will meet as needed and upon request of the Fund Manager.

## **V ALLOCATION MODALITY AND PROCESS**

### **V.1 OPEN WINDOW FOR PROPOSALS AND ALLOCATIONS**

The Fund for Investigations of SEA/SH is intended for rapid allocation of funds in response to specific needs for investigation capacity.

The fund is continuously active and open to receive project proposals on a rolling basis and so can receive applications at any time. Active calls for proposals may also be considered but are not necessary.

### **V.2 GRANT SELECTION AND CRITERIA**

The review and approval of Fund requests is made in accordance with the programmatic framework of the Fund. In situations in which there is a need to prioritize which projects will receive funding, the Grants Committee will consider and review the proposals on the following criteria

- Severity, urgency and scope of allegation,
- Potential impact of investigation and support to victim
- Impact of lack of investigation on humanitarian operation.
- Need for external or additional capacity due to potential conflict of interest, or to expedite investigation.

Investigations should be conducted within a maximum of 6 months. Exceptions to this timeframe can be made by the ERC based on prevailing circumstances. There is no grant ceiling and the recommended minimum limit for investigation grants is US\$20,000, with exceptions to be determined by the ERC.

### V.3 FUND ALLOCATION PROCESS

It is possible for the grants committee to consider one or multiple project proposals at one time, and the review and disbursement process will remain the same. The process of the allocation is executed through the steps which are outlined below.

- i. Submission of project proposal
- i. Review by Grants Committee including technical and financial review
- ii. Final approval by ERC
- iii. Disbursement

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#### V.3.1 STEP 1: SUBMISSION OF FUND REQUEST

Eligible partners can prepare submissions that address the priorities of the Fund for Investigations of SEA/SHA. Partners are required to submit complete proposals.

#### V.3.2 STEP 2: REVIEW BY GRANTS COMMITTEE INCLUDING TECHNICAL AND FINANCIAL REVIEW

The proposal is submitted to the GC with the relevant partner registration information as required. GC reviews on the basis of criteria outlined. A technical and financial review of the project will be conducted by the GC.

It is the responsibility of the investigations officer to review the technical soundness of the project proposal and review the budget to assess if costs are generally appropriate. The OCHA Executive Office staff member should review the budget to ensure it complies with UN financial rules and regulation.

The technical review of the project allows for and encourages some two-way communication between the grants committee and the proposing organization to ensure the improvement of projects. It should be possible for partners to re-submit project proposals upon receiving written comments following technical review by the grant committee. If not feasible to arrange a meeting to conduct the technical review, other options, such as teleconference, may be considered as long as the quality of the process is maintained.

#### V.3.3 STEP 3: FINAL APPROVAL BY ERC.

The grants committee will review and recommend proposal for approval to the ERC, and the ERC will officially approve the grant. If grants committee approves a project, the secretary of the committee, the IASC Fund Manager will submit the recommendation to the ERC for approval and manage the preparation of the grant agreement.

The Fund manager will liaise with the implementing partner to determine the start date of the project. The agreed upon start date will be included in the grant agreement (Annex B). 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 occurs after the agreed upon start date in Annex B, the date of the signature of the grant agreement takes precedence. The ERC can then sign the grant agreement

Upon ERC's signature, the Fund manager notifies the partner that the project has been approved and sends the agreement for counter signature. Once the partner has countersigned, the agreement will be sent to OCHA Executive Officer for the final signature. Eligibility of expenditures will be determined by the date of partner signature of the grant agreement.

#### V.3.4 STEP 4: DISBURSEMENT

Following the signature of the grant agreement by all parties (the last signatory being the OCHA Executive Officer) disbursed within 10 working days.

<b>Allocation Workflow</b>	
<b>Step 1. Submission of Fund request</b>	
1.1	Eligible partners submit requests
1.2	Request(s) are received by OCHA Fund Manager (reviews registration of partner, template/criteria compliance, duplication of proposals, etc.)
<b>Step 2. Review by Grants Committee including technical and financial review</b>	
2.1	Grants Committee meets as appropriate to review the proposal on the basis of criteria outlined.
2.2	The investigations officer to review the technical soundness of the project proposal, and budget to ensure it aligns with the proposal and is generally appropriate
2.3	The Executive Office member reviews the project budget to ensure it follows UN financial rules
2.4	Consolidated Feedback is shared with the partner
2.5	Proposal revised - if the application does not meet quality standards thereafter, it is rejected (maximum of 3 rounds of revisions recommended)
2.6	Grants Committee recommends that ERC approve the application
<b>Step 3. ERC approval</b>	
3.1	The ERC reviews and officially approves the grant.
3.2	The Fund manager liaises with grantee to determine start date of the investigation.
3.3	The Fund manager facilitates the finalization of the contractual arrangements.
3.4	ERC signs the Grant Agreement
3.5	Fund manager notifies the partner and sends agreement for counter signature.
3.6	OCHA Executive Officer signs the Grant Agreement
<b>Step 4. Disbursement</b>	
4.1	OCHA Executive Office actions disbursement

## VI PARTNER REGISTRATION AND ELIGIBILITY REQUIREMENTS

In order for the United Nations to sign a grant agreement with an Implementing Partner, and for the IP to receive payments OCHA must ensure that a due diligence review of the IP has been conducted and that the IP is registered in UMOJA.

### VI.1 SCENARIOS FOR ELIGIBILITY AND REGISTRATION OF NGO AND RED CROSS PARTNERS

At the time of the application, the IP should clarify if they are already an eligible IP of OCHA's Country Based Pooled Funds (CBPF), or if they are an IASC organization or an affiliated partner.

#### VI.1.1 SCENARIO 1 (IP IS ALREADY ELIGIBLE FOR CBPF)

If the IP is currently an eligible IP of an OCHA CBPF, a comprehensive due diligence and capacity assessment has been conducted and does not need to be repeated. The IP must clearly indicate this in the application and specify which bank account should be used in case there are different accounts used in different CBPFs. The IP is required to provide name and contact information for the focal point(s) and the legal representative of the organization, address of main office, and bank information. The IASC Fund Manager should then liaise with the CBPF Section to confirm the registration and approval of eligibility for CBPF Funding, and that the IP is already registered in UMOJA.

#### VI.1.2 SCENARIO 2 (AFFILIATED PARTNER OF AN IASC ORGANIZATION)

If the IP is an affiliated partner of an IASC organization the IP should indicate this in the application. The IASC Fund Manager should then liaise with the IASC organization to confirm that a due diligence process that has been undertaken of the IP applying for funding. In this case a light due diligence of the partner should be completed that will require;

**(i) Application form** (Annex 10.2a)

**(ii) Due diligence declarations** - signed, stamped and dated (see Annex 10.2b)

- Declaration of any Previous or Pending Legal Processes or Investigations; in case of previous or pending legal processes, please provide detailed explanation and relevant supporting documentation
- Declaration of Non-Support for a United Nations Designated Entity
- Declaration of Recognition and Support of/for any United Nations Compliance Activity (ies)
- Declaration of Conflict of Interest
- Declaration of Accurate Information

**(iii) Registration certificate** in the country of operation.

**(iv) Bank account information** (see Annex 10.2c)

**(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.

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

It is at the discretion of OCHA to add any other requirements to the registration and due diligence stage.

The IASC fund manager will ensure that the documents are submitted and the Executive Officer will review the documents and ensure that the partner is registered in UMOJA. The IASC fund manager will coordinate with the OCHA CBPPF oversight and compliance unit to perform a check of the partner and representative of the IP against the UN consolidated sanctions list.

### VI.1.3 SCENARIO 3 FULL DUE DILIGENCE AND REGISTRATION OF NEW IP

If the IP is not eligible for CBPF funding, and is not an affiliated partner of an IASC organization, OCHA must conduct a more thorough due diligence of the partner

In these cases, all of the items outlined above are scenario 2 are required, along with the following items;

**(vii) 2 years of audited financial reports**

**(viii) 2 letters of reference from donors or other partners**

**(ix) At least 3 program or project reports**

## VI.2 UN ELIGIBILITY AND REGISTRATION:

UN agencies are eligible for funding and most are already registered as Implementing Partners. At the time of application, the UN agency is required to provide name and contact information for the focal point(s) and the legal representative of the organization, address of main office, and bank information. Once the registration and due diligence form duly filled out has been submitted, OCHA will proceed with its review and approval.

## VII GRANT AGREEMENTS AND CONTRACTING

### VII.1 GRANT DURATION

Implementation of projects funded by the Fund for Investigations of SEA/SHA should not exceed six (6) months from the project start date as indicated in the final approved project documents. Project pre-financing will be limited only to the budgeted costs (of the approved project proposal) incurred in the interim period between the Project's approval start date (first possible start date is the date when the ERC and the Partner have both signed the Grant Agreement) and the date of actual cash disbursement to the recipient project.

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

## VII.2 GRANT AGREEMENTS

Standard Grant Agreement templates (see annexes 1 and 2, Grant Agreements with NGOs and UN agencies) must be used for contracting. No changes in the articles of the Grant Agreement are allowed.

Grant Agreements with UN agencies, NGOs, and Red Cross and Red Crescent Movement are prepared by the IASC Fund Manager. Grant agreements are signed by the ERC and counter signed by the authorized representative of the partner. Grant agreements are then sent to OCHA EO for final approval and signature.

The following supporting documents (all annexed) must be submitted.

- iv. Copy of the Grant Agreement signed by the ERC and partner.<sup>8</sup>
- v. Project proposal (as approved by the ERC).
- vi. Project budget (as approved by the ERC).

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

The grant agreement is only valid upon signature by both the ERC and implementing partner. The start date, agreed 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.

## VII.3 DISBURSEMENT SCHEDULE AND NARRATIVE REPORTING

The grant disbursement schedule and reporting requirement will be clearly spelled out in the grant agreement. In general Implementing Partners will receive 70% of the funds upon signing the grant agreement, and then can request the 2nd and last disbursement once a financial report has been submitted demonstrating that 70% of the first disbursement has been utilized. The disbursement schedule may be adjusted and agreed by OCHA prior to the signing of a grant agreement based on previous experience working with the partners, risk levels, capacity assessments or other factors. OCHA may also request a mid-term narrative report if appropriate to verify progress of the project.

## VII.4 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 the investigation officer will assess whether the proposed changes need formal written authorization, whether an amendment to the initial grant agreement is necessary (see Annex 18, Amendment to Grant Agreement with NGOs, and Annex 19, Amendment to Grant Agreement with UN agencies) or

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<sup>8</sup> For funds managed with the support of the United Nations Development Programme (UNDP) Multi Partner Trust Funds Office, Allocation paper and Fund Transfer Request (FRT) will be used (see Annex 24 a and b).

whether the breath of the proposed changes is such that the project needs to be terminated. Annexes 20 (Project Revision Request Form and 13 a and b (Budget Tool for Amendments) of these guidelines provide the format to request a NCE/Budget Revision.

The IASC Fund Manager will respond to the implementing partner in writing, accepting, modifying or rejecting the request (see Annex 20, Project Revision Request Form). If accepted, this amendment becomes an integral part of the agreement and must be cleared by OCHA HQ.

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

- vii. Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category
- viii. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category
- ix. Change in duration of the project
- x. Change of banking information relevant to the project
- xi. 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 through an email response from the Fund Manager.

- xii. Change in individual who will be conducting the investigation, unless it requires a budget revision as indicated above.

## **VII.5 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 other submission of information.

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.

## **VIII PROJECT BUDGETS**

### **VIII.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 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, the investigation officer and the executive office and partners have specific roles and responsibilities, as follows:

The investigation officer is 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 fair and reasonable reflection of the project proposal investigation workplan

- The cost estimates are reasonable in the investigation context so that funding will be used in the most efficient way.

The role of the executive office 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 (Annex 13 a and b: Project Budget and Financial Reporting Tool) and guidance provided by OCHA for the classification and itemization 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, hiring of investigations firm or investigation consultant, and costs/equipment required to support the regular operation of the partner, are clear cases that require a budget narrative.

## **VIII.2 BASIC DEFINITIONS AND GUIDANCE ON THE PROJECT BUDGET PREPARATION PROCESS**

This guideline provides partners with a common framework to facilitate appropriate preparation of project budgets. It focuses on defining eligible and ineligible costs, direct and indirect costs (e.g. Programme Support Costs – PSC), shared costs, budget categories and the adequate breakdown of budget lines. This guidance applies to all partners.

### **VIII.3 ELIGIBLE AND INELIGIBLE COSTS**

#### **VIII.3.1 ELIGIBLE COSTS**

The following attributes define the nature of eligible costs:

- xiii. Must be necessary and reasonable for the delivery of the objectives of the project.
- xiv. Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
- xv. 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.

- xvi. Costs for consultancies involved in the implementation of the project.

- xvii. Support staff costs at country-level directly related to the project.
- xviii. 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.
- xix. 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.
- xx. The financial support to beneficiaries, including cash and voucher-based distribution.
- xxi. Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage and distribution costs.
- xxii. 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.
- xxiii. Expenditure incurred by the partner related to awarding contracts required for the implementation of the project, such as expenses for the tendering process.
- xxiv. Costs incurred by sub-implementing partners, directly attributable to the implementation of the project.
- xxv. 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).

### VIII.3.2 INELIGIBLE COSTS

The following costs are ineligible:

- xxvi. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
- xxvii. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
- xxviii. Debts and provisions for possible future losses or debts.
- xxix. Interest owed by the implementing partner to any third party.
- xxx. Items already financed from other sources.
- xxxi. Purchases of land or buildings.
- xxxii. Currency exchange losses.
- xxxiii. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.
- xxxiv. Government staff salaries.
- xxxv. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).

- xxxvi. Incentives, mark-ups, gifts to staff.
- xxxvii. Fines and penalties.
- xxxviii. Duties, charges, taxes (including VAT) recoverable by the implementing partner.
- xxxix. Global evaluation of programmes.
- xl. Audit fees/system audit fees – these costs are paid directly by the fund<sup>9</sup>.

### VIII.3.3 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:

- xli. Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives.
- xlii. Vehicles.
- xliii. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior CBPF funding.
- xliv. Equipment for the regular operations of the implementing partner.
- xliv. Recurrent costs for the implementing partner's current operations.

### VIII.4 DIRECT AND INDIRECT COSTS

There are two categories of eligible expenditures: direct costs and indirect costs.

#### VIII.4.1 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:

- i. Staff and related personnel costs, including consultants and other personnel.
- ii. Supplies, commodities, materials.
- iii. Equipment.
- iv. Contractual services.
- v. Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
- vi. Transfers and grants to counterparts.
- vii. General operating and other direct costs including security expenses, office stationary, and utilities such as telecommunications, internet, office rental and other

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<sup>9</sup> Those costs are charged as a direct cost for the management of the fund.

direct costs, including expenses for monitoring, evaluation and reporting, related to the implementation of the project.

#### VIII.4.2 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 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.

#### VIII.5 SHARED COSTS

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

- i. The following guidance applies to shared costs in the project budget:
- ii. All shared costs must be directly linked to project implementation.
- iii. 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.
- iv. 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).<sup>10</sup>
- v. 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.
- vi. Non-staff shared costs must be shared on the basis of an equitable cost allocation system<sup>11</sup>.

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<sup>10</sup> 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 an investigation officer in a 6 months project should be budgeted at 50 per cent of the monthly salary for 6 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).

<sup>11</sup> 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 months project, the partner should budget the rent for 50 per cent of the monthly cost for 12 months period. The partner may pay the full rent of the office for 6 months with the allocated budget).

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

### VIII.6 GUIDANCE ON ITEMIZATION OF BUDGET LINES

1. Each budget line requires the following cost breakdown:
  - i. Itemize each staff, consultant and other personnel by function, and provide unit quantity and unit cost (monthly or daily rates) for each staff position<sup>12</sup>.
  - ii. Any budget line whose total value exceeds \$10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative.
  - iii. 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).
  - iv. 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.).
  - v. Provide technical specifications for items whose unit cost is greater than \$10,000.
  - vi. 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).
  - vii. Provide details in the budget narrative so that the objective of the budget line can be clearly identified.
  - viii. 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.
  - ix. 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.).
  - x. Travel (In-country and International) or International travel: estimate number of trips and cost per trip.
  - xi. Provide list of items<sup>13</sup> and estimated cost per item for kits when the cumulative budget line value exceeds \$10,000.

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*. At the request of OCHA

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<sup>12</sup> 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).

<sup>13</sup> The list should be provided as an annex to the budget.

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.

## VIII.7 BUDGET MODIFICATION

There are three types of acceptable budget revisions:

- Budget revision not exceeding 15 per cent of the approved budget.
  - i. This type of modification does not require formal authorization by the ERC, 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.
- Budget revision exceeding 15 per cent
  - i. Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the ERC authorization.
  - ii. The implementing partner will make the request to the ERC (Annexes 20 Project Revision Request Form and 13 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 workplan.
  - iv. The ERC 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).
- Addition of a new budget line

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.

### **VIII.8 PROJECT CHANGES**

Deviations from the original project objectives will be assessed on case-by-case basis by the ER through the investigation officer.

Major changes may require a project revision and subsequent amendment of the grant agreement. Project revisions are subject to the approval of the ERC. Requests for project revision must be formally submitted to the ERC 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 13 a and b. Project Budget and Financial Reporting Tool). See paragraph 255 for revision requests that may not require Grant Agreement Amendment and will be approved in GMS through the 'approval without GA amendment' feature.

### **VIII.9 PROJECT CLOSURE**

A project will be considered closed when the following conditions are met:

- i. Confidential investigation report with supporting material is submitted directly and only to the investigation officer. This report is strictly confidential and will not be shared with anyone else. This report must be submitted within two calendar months after the end of the project implementation (including NCEs). The fund investigation officer has up to one calendar month from receipt to review and clear the final narrative report.
- ii. A short narrative report that does not contain any confidential or identifying information in line with the format under annex 7.
- iii. Partners must submit the final financial statement 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 investigation officer and cleared by OCHA Executive Officer (within one month).
- iv. After clearance of the FFR, projects will be audited within 2 months.
- v. OCHA EO and IASC Fund Manager will review and close the project within 2 months from receipt of the audit report.
- vi. 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. Proof of payment needs to be received and acknowledged by OCHA.

OCHA reserves the right to audit NGO partners. 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.

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

## IX LIST OF ANNEXES:

### Administrative templates

Annex 1	Grant Agreement with NGOs
Annex 2	Grant Agreement with UN Agencies
Annex 3	Amendment to Grant Agreement with NGOs
Annex 4	Amendment to Grant Agreement with UN Agencies
Annex 5	Grant Revision Request Form
Annex 6	Fund Request Application
Annex 7	Reporting Template
Annex 8	Banking Form
Annex 9	Supplementary Due Diligence information
Annex 10	Declarations for due diligence (Accurate Information, Compliance, Conflict of Interest, Designated Entity and Legal Processes)
Annex 11	Sample Budget for investigations grant

## X CONTACT INFORMATION

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## XI REVIEW DATE

*This manual will be reviewed and presented to the Advisory Board no later than [02/2021].*