



# OCHA

United Nations Office  
for the Coordination of  
Humanitarian Affairs

## **Syria Humanitarian Fund Operational Manual**

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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.

**Coordination Saves Lives**

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## 1. Acronyms

AB	Advisory Board
CBPFs	Country Based Pooled Funds
CERF	Central Emergency Response Fund
CN	Concept Note
ERC	Emergency Response Coordinator
FCS	Funding Coordination Section
GMS	Grant Management System
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HF	Humanitarian Fund
HFU	Humanitarian Financing Unit
HPC	Humanitarian Program Cycle
HQ	Headquarters
HRP	Humanitarian Response Plan
IASC	Inter- Agency Standing Committee
ISCG	Inter-Sector Coordination Group
INGO	International Non-Governmental Organization
M&E	Monitoring and Evaluation
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
PP	Project Proposal
RC	Review Committee
SAA	Standard Administrative Arrangement
SHF	Syria Humanitarian Fund
SRC	Strategic Review Committee
TOR	Terms of Reference
TRC	Technical Review Committee

## 2. Introduction

The Operational Manual for the Syria Humanitarian Fund (hereafter “SHF” or “the Fund”) is issued by the Humanitarian Coordinator (HC) and endorsed by the Advisory Board to set the general direction and programmatic focus of the SHF in line with a complex and very dynamic operational environment.

The HC and the Advisory Board will revisit this Manual on an annual basis or as needed to adjust the general direction and programmatic focus of the Fund, thereby ensuring its relevance and effectiveness.

### 2.1 Purpose

The purpose of the SHF Operational Manual is to describe the governance arrangements, objective, allocation modalities, and accountability mechanisms of the Fund, as well as to detail the roles and responsibilities of the stakeholders involved.

Under the direction of the Humanitarian Coordinator (HC), the SHF aims to support the timely disbursement of funds to the most critical humanitarian needs as defined by the Syria Humanitarian Response Plan (HRP).

In this regard, this Manual will provide guidance to implementing partners and facilitate the role of OCHA, members of the Review Committees, and Sectors.

### 2.2 Scope

The SHF Operational Manual defines the country-specific regulations that govern the Syria Fund. It is designed within the framework provided by the Operational Handbook for Country-Based Pooled Funds (CBPFs), which describes the global set of rules that apply to all CBPFs worldwide, and adapts specific aspects of these global guidelines to the humanitarian context in Syria.

Adherence to the guidance provided in the document is mandatory so as to ensure standard and transparent processes.

### 2.3 Objectives of the SHF

#### Fund objectives:

The SHF mobilizes and channels resources to humanitarian partners to rapidly address the most critical emergency response needs for the millions of people affected by the humanitarian crisis in Syria. The Fund operates under the leadership of the Humanitarian Coordinator, within the parameters of the Humanitarian Response Plan (HRP), and in accordance with priorities identified by the Humanitarian Country Team.

Specifically, the SHF aims to support life-saving, protection, and life-sustaining activities by filling critical funding gaps; promote the needs-based delivery of assistance in accordance with humanitarian principles; improve the relevance and coherence of humanitarian response by strategically funding priorities identified in the HRP; and expand delivery of assistance to underserved and high severity areas through partnership with the best placed actors.

#### Syria Humanitarian Fund prioritizes:

- *Helping cover priority gaps in the HRP.* The SHF will prioritize life-saving needs; protection support for women and girls including gender-based violence; reproductive health and women empowerment; people with disabilities and the elderly, education programmes for young people<sup>1</sup> and life-sustaining needs in the most underserved, high severity areas and resilience programmes mainly for returnees in areas shifted control.
- *Addressing top and new priorities, as identified by the Humanitarian Coordinator and HCT.* While two allocation (standard and reserve) modalities will be used to respond to humanitarian needs, reserve

allocations will be issued *only* for new unforeseen and emergency needs identified by the HCT and operational partners. Two standard allocations will be issued in 2020 aligned to the HRP priority needs in the first and third quarters.

- *Leveraging on diversified SHF-partnerships in the delivery of humanitarian assistance.* The SHF will continue to support projects which address critical gaps in sector strategies and expand coverage to areas of highest need using different partnerships while prioritizing best placed partners in the response. Where possible local partners with access and capacity will be supported and prioritized in the implementation of SHF projects to enhance community engagement, ownership and improve their capacity.
- *Improving the relevance and coherence of the humanitarian response.* Funds will be strategically allocated based on the needs identified in the HNO and within the parameters set in the HRP. Independent assessments of needs and priorities identified by the area HCTs as well as by partners on the ground will inform allocations. Priority sectors will be supported at national and sub-national level in and promote integrated programming/responses to identified needs.
- *Strengthening risk management and accountability frameworks to enable effective use of resources and value for money.* Frameworks will be solidly based on the context and SHF operational manual within the CBPF global guidelines handbook
- *Supporting and strengthening HC coordination mechanism.* The SHF will remain a pivotal strategic tool used to strengthen and enhance coordination mechanism between the HC and all stakeholders including response to newly accessed areas as well as coordinated response in onset crisis and underserved locations.
- *Expand visibility of SHF-funded projects through various media and communication outlets,* including donor visibility and that of partners, to convey messages on needs of the affected population, the effectiveness of the fund, and provide operational update.

### 3. Governance and management

The activities of the SHF will be carried out under the overall stewardship of the HC. The HC will be supported by an Advisory Board and the SHF will be managed by OCHA on behalf of the HC. The SHF Advisory Board will be chaired by the HC and will welcome the senior-level participation of donors, UN organizations (in their capacity as sector lead agencies), NGO and Red Crescent representatives, with membership determined by the HC. With regards to NGO representation in the AB, the stated goal is to have at least as many seats for NNGOs as there are for INGOs, to the extent feasible. Additionally, sector coordinators play a key role in prioritization as well as project review at both a strategic and technical level.

#### 4.1 The Humanitarian Coordinator (HC)

The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, supported by OCHA and advised by the Advisory Board. Key responsibilities of the HC are:

- i. Approves the SHF Operational Manual;
- ii. Approves direct costs for HFU;
- iii. Chairs the Advisory Board and provides strategic direction for the Fund;
- iv. Leads country-level resource mobilization for the Fund supported by the Humanitarian Country Team (HCT), OCHA Syria and in coordination with relevant OCHA entities at headquarters;
- v. Approves the use of and defines the strategic focus and amounts of fund allocations;
- vi. Ensures that the Advisory Board and the review committees are functioning;
- vii. Makes 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 which require an immediate response. In addition, the HC has the authority to overrule recommendations from the review committees;
- viii. Approves projects and initiates disbursement;

- ix. Ensures complementary use of SHF funding with other funding sources, including the Central Emergency Response Fund (CERF);
- x. Leads the process of closing the SHF.

#### 4.2 The SHF Advisory Board (AB)

The Advisory Board (AB) is a governance body with an advisory function that supports the HC to steer the strategy and oversees the performance of the SHF. The final decision-making authority rests entirely with the HC, who is the chair of the AB.

The AB supports the HC in developing an overall strategy and overseeing the performance of the SHF. The AB is consulted on key aspects of the management and strategic direction of the SHF, including allocation strategies, resource mobilization and any other major decision taken by the HC related to the Fund. The AB also reviews direct costs of the Fund<sup>2</sup> prior to the HC approval.

##### Key functions of AB are:

- i. *Strategic focus:* The AB should support the HC in ensuring that the main objectives of the fund are met. The AB should review and advise the HC on strategic elements of the Fund such as the allocation strategies, the operational manual and project selection. The scope and objectives of the SHF, outlined in the operational manual, will be reviewed at least once a year. The AB shall advise the HC in setting funding targets and in supporting resource mobilization efforts.
- ii. *Risk Management:* The AB supports the HC and the OCHA Country Office in undertaking periodic risk analyses and reviewing a risk management plan of the Fund in accordance with the Risk Management Framework
- iii. *Transparency of overall process:* The AB should monitor the Fund processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the Fund abides by established policies.
- iv. *Review of operational activities:* The AB monitors the operational performance of the fund, providing advice to the HC.

The composition of the AB is determined by the HC in consultation with the HCT, contributing donors and NGOs. The AB should include an equal number of stakeholder representatives (donors, UN agencies, NGOs and OCHA) except in cases where there is justifiable cause for variation. 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 should be limited to 13 representatives (excluding observers) to ensure efficient decision-making. The thirteen does not include the HC and the OCHA head of office who are permanent members of the board.

The membership of the AB for the SHF is:

- Humanitarian Coordinator (Chairperson)
  - 5 donor representatives (contributing donors)<sup>3</sup>
  - 3 UN Agency representatives with sector responsibilities
  - 4 NGO representatives
  - OCHA Head of Office
  - SARC
  - If possible, one representative from the NNGO community
- Observers  
One non-contributing donor representative

AB membership should rotate on an annual 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.

<sup>2</sup> E.g.: annual budget of the Humanitarian Financing Unit (HFU); monitoring costs; capacity assessments

<sup>3</sup> Five seats in the AB are allocated to ten donor members and attendance is on alternate basis

The HFU shares documents that are to be discussed or endorsed in AB meetings at least three working days prior to those meeting, to allow for sufficient review time

#### Focus and Frequency of Meetings

The AB meets at least four times a year. The meetings cover a range of the above tasks, including but not limited to endorsing budgets for the HFU, reviewing the Operational Manual, supporting the HC in setting the strategic direction and focus of the Fund, reviewing Allocation decisions, or to discuss changes to the humanitarian context and advise on resource mobilization strategies. A higher frequency of meetings and/or *ad hoc* meetings may be requested by the HC – for example when the AB is required to support or review complex allocation decisions, or to meet as the Advisory Board with visiting officials and missions.

### **4.3 OCHA Head of Office (HoO)**

The HoO is responsible for the effective management of the Fund in accordance with SHF Policy Instruction and the Operations Manual. The responsibilities of the HoO with respect to the SHF are to:

- i. Support and advise the HC on strategic issues and resource mobilization;
- ii. Supervise the OCHA Humanitarian Financing Unit (HFU) and ensure that the HFU is well integrated and coordinated with other units of OCHA Syria and sub-offices;
- iii. Ensure that OCHA has the capacity to fulfil its accountability requirements, including risk management and minimum operational modalities;
- iv. Promote active involvement of existing coordination structures in SHF processes and ensure that the Fund scope and objectives as outlined in the Operational Manual and/or allocation papers are aligned with the HRP;
- v. Approve project revisions within the scope of the delegation of authority granted by the HC;
- vi. Interface with headquarters on policy issues related to the SHF;
- vii. Act as a permanent member of the AB.

### **4.4 OCHA headquarters**

Relevant units at OCHA headquarters have the following functions:

- i. Carry out and support active resource mobilization;
- ii. Receive, administer and manage contributions from donors;
- iii. Disburse funds to partners in accordance with the decisions of the HC;
- iv. Provide periodic financial reports on the SHF to the HC, contributing donors and AB;
- v. Provide the HC and OCHA HoO with funding updates of donor commitments and disbursements transferred to partners, as well as other financial information related to the SHF;
- vi. Provide policy and guidance to ensure the Fund is in line with OCHA's global guidelines.

### **4.5 OCHA Humanitarian Financing Unit (HFU)**

The HFU under the overall supervision of the OCHA HoO will ensure adequate and efficient management of the SHF.

In support of the HC and AB, and with the assistance of relevant units at OCHA headquarters, the HFU will undertake the following tasks:

#### Management of SHF operations and policy advice to the HC:

- i. Advise the HC and OCHA HoO on Fund strategies and any other policy matters related to SHF;
- ii. Draft the development of the SHF scope and objectives and/or allocation strategy paper;
- iii. Ensure timely communication to partners on SHF standard allocation calendar of activities;
- iv. Engage with SHF donors and coordinate with other humanitarian donors in the country;

- v. Draft the resource mobilization strategy and support its implementation in coordination with headquarters resource mobilization efforts;
- vi. Support the HC and OCHA HoO efforts to link the fund with the Humanitarian Programme Cycle (HPC) by promoting allocations in alignment with the HRPs;
- vii. Provide technical advice to the HC and AB on the allocation process, project implementation and monitoring;
- viii. Support resource mobilization for the SHF;
- ix. Produce reports, analysis and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities;
- x. Promote the complementary use of the SHF with funding from other sources, in particular the CERF;
- xi. Perform secretariat functions for the AB;
- xii. Facilitate public information sharing with all stakeholders.

#### Project Cycle Management:

- i. Facilitate and train stakeholders on the use of the Grant Management System (GMS);
- ii. Ensure compliance with processes, systems, templates and tools as defined in the Handbook for SHFs as well as SHF procedures;
- iii. Provide support to all SHF recipients throughout the allocation process and promote a feedback system for continuous learning;
- iv. Coordinate and facilitate all activities associated with strategic reviews;
- v. Coordinate and facilitate all activities associated with technical reviews;
- vi. Oversee project review and approval processes including administrative aspects of selected projects;
- vii. Ensure follow up of fund disbursement and refunding;
- viii. Ensure narrative and financial reporting compliance;
- ix. Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extensions, etc.);
- x. Provide oversight to the entire funding cycle from the opening of an allocation to the closure of projects;
- xi. Ensure Financial Tracking Service (FTS) reporting as required.

#### Implementation of the SHF Accountability Framework:

- i. Support and advise the HC and OCHA HoO in the development and implementation of the Accountability Framework;
- ii. Coordinate and develop systems for capacity and performance assessments, risk management, monitoring, and reporting on behalf of the HC;
- iii. Ensure compliance with the minimum requirements described in the operational modalities of the Handbook;
- iv. Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings;
- v. Facilitate periodic external evaluations in line with the global agreements on evaluation requirements for SHFs;
- vi. Compile the consolidated annual report of SHF operations.

#### **4.6 Sector Coordinators**

Sector coordinators support the SHF at two levels: (i) at a strategic level, sector leads should ensure that there are linkages between the fund's allocation strategies, the HRP and sector strategies; and (ii) at an operational level, sector coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects.

The Sector coordinators will undertake the following activities in relation to the SHF:

- i. Establish needs-based priorities for SHF funding in consultation with sector partners;
- ii. Facilitate inter-sector and multi-sector coordination; we keep inter-sector and sector
- iii. Lead a process to transparently identify, review and recommend priority humanitarian projects for funding based on agreed overall sector priorities and strategies and document these processes;
- iv. Defend sector strategies and proposals during SHF allocation rounds;
- v. Ensure quality and timely submissions of all related sector materials;
- vi. Promote the systematic use of relevant standard indicators for projects;
- vii. Participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework endorsed by the HC;
- viii. Review and recommend revision requests when technical or strategic input is required;
- ix. In collaboration with OCHA, strengthen capacity of sector partners (national and international) on SHF procedures.
- x. Ensure projects submitted by partners through the standard allocation modality are in support of the HRP

#### 4.7 Review Committees (Strategic and Technical)

SHF 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 AB, and 2) a *technical review* which assesses the technical soundness and quality of project proposals. Both reviews are discharged by respective review committees operating separately by sector.

Key elements of review committees include:

- i. Review committees should be established through a consultative process. The review committees should, to the extent possible, have different compositions for each of their functions.
- ii. Members of the respective review committees should be nominated from within the active members of the relevant sectors. The committees should ensure an equitable representation of UN and NGOs. OCHA will support review committees in discharging their functions.

#### Strategic Review Committee (SRC)

An SRC is constituted for each sector during Standard Allocations to assesses projects based on a criteria determined at the time of allocation development (scorecards). SRC members should have knowledge of the sector's strategy.

An SRC shall consist of the following members:

- i. Sector Coordinator (chair)
- ii. 3 Sector members (UN-NGO balance should be ensured)
- iii. One HFU representative acting as a process owner
- iv. One OCHA Coordination Unit representative
- v. Observers (no inputs) or technical support personnel may attend the SRC upon coordination between the sector and HFU.

#### Technical Review Committee (TRC)

For both Standard and Reserve Allocations, sector TRCs will provide the technical advice on proposals, and analyse the feasibility and relevance of proposed project activities within the context of relevant sector criteria and the HRP. The HFU representatives within the TRC will also ensure that comments on the budget are given as part of the TRC feedback.

Members of the TRC 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. Specialized advisors should provide support and inputs to the technical review process.

For each sector, the TRC shall consist of the following members:

- i. Sector Coordinator (chair)
- ii. 3 Sector members (UN-NGO balance should be ensured)
- iii. Two HFU representatives for Program and Finance (as process owners)

Observers (no inputs) or technical support personnel may attend the Review Committee upon coordination between the sector and HFU.

When proposals by an agency represented in the Review Committee are examined, the agency's representative will leave the room. Sector coordinators may remain present when proposals by their agencies are discussed, but they will not be allowed to vote on them.

OCHA/HFU will take part in decision making, and support review committees in discharging their functions

#### 4.8 Implementing partners

In relation to the SHF, implementing partners have the following responsibilities:

- i. Application: Implementing partners should familiarize themselves with SHF processes and seek advice from OCHA Syria before applying for funding. In close collaboration with OCHA Syria and sectors, the applicant partner develops and submits a project proposal and budget to the Fund (through the GMS) providing all necessary supporting documents, within the given deadlines, and in a responsive manner.
- ii. Implementation: After the approval process, the implementing partner signs a Grant Agreement which specifies the terms and conditions applicable to the approved project. Implementing partners commit to comply with all the requirements defined in the Grant Agreement. Grant Agreements may be modified to accommodate necessary changes in projects (see section 6 for details on revision requests).
- iii. Monitoring: Implementing partners must have robust internal monitoring and reporting procedures in place. Implementing partners shall facilitate the monitoring of the projects in collaboration with OCHA Syria, sector coordinators and other relevant parties. OCHA reserve the right to organize visits with partners, external experts or donors to review completed or on-going project activities.
- iv. Reporting: The implementing partner shall provide narrative and financial reports in line with the reporting requirements stipulated in the Grant Agreement or otherwise agreed in the accountability framework of the Fund. In addition, any constraints (e.g. financial, logistical, security) that may lead to significant changes to the project must be communicated to the HC and/or OCHA immediately.

### 5. Allocation criteria, parameters and modalities

#### 5.1 Eligibility

Donor contributions to the SHF will be utilized to fund projects carried out by:

- UN Agencies, Funds and Programmes.
- National and international Non-Governmental Organizations (NGOs) and organizations of the Red Cross/Red Crescent movement
- Priority will be given to organizations that are capable of reaching affected communities directly, and as efficiently as possible.

#### UN eligibility

In order to become eligible for funding from the SHF, UN agencies must fill out the Registration Form on the Grants Management System of the Fund (<https://gms.unocha.org/>). UN agencies are 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 forms have been submitted, OCHA will proceed with its review and approval.

### NGO eligibility

OCHA will carry out a Due Diligence process and an assessment of the capacity of potential NGO partners. Partners that meet all the Due Diligence requirements will undergo the Capacity Assessment to determine eligibility. The assessment is aimed at determining whether the NGO has a sufficient level of capacity in terms of institutional, managerial, financial and technical expertise. The methodology of this process is outlined in Annex 1 (Accountability Framework).

International NGO must be registered with the Government of Syria to be eligible. For NNGOs, in addition to the passing capacity assessments, partners are required to have all SHF recommended projects for funding cleared by the Ministry of Foreign Affairs/ the Ministry of Social Affairs and Labour. This process takes on average two months with some projects taking up to four months to be cleared thus resulting in revisions to align with changing needs in a very dynamic situation.

### **5.2 Allocation criteria**

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

- i. Partner eligibility and capacity: verified through a Due Diligence and Capacity Assessment process;
- ii. Access: accessibility in areas of operation; the location of the project is clearly identified;
- iii. Strategic relevance: clear linkage to HRP strategic and sectoral objectives, compliance with the terms of the Allocation, and alignment of activities with areas of special focus of the Fund;
- iv. Needs-based: the needs are explained and documented, and beneficiaries are clearly described;
- v. Appropriateness: the activities are adequate to respond to the identified needs;
- vi. 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;
- vii. Risk management: assumptions and risks are comprehensively and clearly spelled out, along with risk management strategies;
- viii. Monitoring: a realistic monitoring and reporting strategy is developed in the proposal.

### **5.3 Allocation parameters**

SHF allocation parameters are:

- i. Project duration: maximum 12 months;
- ii. Grants provided to partners are determined based on risks levels derived from capacity assessments and/or performance index.
- iii. Amount to be disbursed in tranches on the basis of project duration, partner capacity and risk levels, and in line with OCHA's global guidelines for CBPFs;
- iv. Implementing partners can request project revisions and/or no-cost/cost extensions to re-program and/or extend the duration of the grant.
- v. Minimum project budget: \$250,000

### **5.4 Allocation modalities**

The SHF will have two options in terms of fund allocation modalities. A standard allocation will be issued on a periodic basis at the discretion of the HC and linked to the priorities of the HRP. A reserve allocation may be maintained to respond to unforeseen requirements.

#### **5.4.1 Standard allocation strategy and workflow**

At the center of the standard allocation is a strategy developed based on the agreed priorities of the HRP. The HC, supported by the HFU, should utilize existing coordination mechanisms to establish a process that produces credible and unbiased information to develop the strategy. The analysis that supports the development of the strategy should be evidence-based and with references to verifiable data. This process results in an allocation paper which summarizes 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 prioritization by sectors. Efforts should be made to seek complementarity with existing funding channels.

The allocation strategy paper includes information on:

- i. Humanitarian context with a focus on how the allocation fits into the context;
- ii. Allocation strategy and related priorities;
- iii. Total amount to be allocated;
- iv. Criteria for project prioritization (reflected in a prioritization matrix or “scorecard”);
- v. Timeline.

The development of the allocation strategy paper is supported by OCHA through the HFU. The draft will be reviewed by the sectors and presented to the HC and AB for endorsement.

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 alignment with HRP priorities and a technical review to determine the soundness and quality of proposals. The strategic and technical reviews will be conducted by respective review committees operating separately by sector.

Table 1: Standard allocation workflow (42 working days)			
Steps	Description	Responsibility	# of Days
<b>Step 1</b> Allocation strategy development	1.1 OCHA prepares Allocation Strategy Paper (strategic priorities, criteria, process and timeline) Supervised by the HoO, the HFU prepares the Allocation Strategy Paper in consultation with the OCHA's Inter-Sector Coordinator (ISC) who may request inputs from the ISCG.	- Sectors - OCHA - HC - AB	
	1.2 Allocation Strategy Paper review by OCHA HQ/FCS	OCHA	
	1.3 HC review and AB endorsement of strategy	- HFU - AB	
	1.4 HFU launches allocation on behalf of HC	- HC - HFU	
<b>Step 2</b> Submission of proposal	2.1 Submission of Concept Notes/Project proposal	Implementing partner	10 working days
	2.2 General check by HFU (eligibility of partner in case of suspension, compliance with template, duplication of proposal, etc.)	HFU	2 working days
<b>Step 3</b> Strategic review	3.1 Sector Strategic Review Committees use GMS-based unified allocation scorecard for projects in their respective sectors.	- Strategic Review Committees - HFU	3-5 working days
<b>Step 4</b> Preliminary Approval	4.1 HFU prepares SRC recommendations for AB review remotely or via AB meeting	- HC - HFU	2 working days
	4.2 Recommended projects are submitted to HC for pre-approval. AB may feedback to HC/HFU at meeting or via email (at discretion of HC)	- AB - HFU	2 working days
<b>Step 5</b> Technical and financial review	5.1 Partners are informed of HC pre-approval or rejection	HFU	10 working day
	5.2 Sector Technical Review Committees (TRCs), OCHA HQ/FCS, HFU and gender/protection advisor(s) conduct technical and financial review of pre-approved projects	HFU FCS Technical Review Committees	
	5.3 HFU shares consolidated budget and technical feedback shared with partner	HFU	
	5.4 Proposal revised - if the project does not meet quality standards thereafter, it is rejected (maximum of 3 rounds of revisions recommended)	IPs	5 working days
<b>Step 6</b> Ministry of Social Affairs approval (MoSAL)	6.1 Projects by National NGOs endorsed by the HC are sent to MoSAL for approval	- HFU - HC	On average 60 days
<b>Step 7</b> Final approval by HC	7.1 HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner	- HFU - HoO	1 working day
	7.2 HC approves project and signs Grant Agreement	- HFU - HC	1 working day
	7.3 Partner counter-signs Grant Agreement	- HFU - IP	2 working days
	7.4 OCHA HQ/EO signs Grant Agreement which is uploaded as final in GMS	- HFU - IP	2 working days
<b>Step 8</b> Disbursement	8.1 OCHA HQ/FCS actions disbursement	- OCHA FCS Finance Unit	10 working days

### 5.4.2 Reserve allocation strategy and workflow

<b>Table 2: Reserve allocation workflow (20 working days)</b>			
<b>Steps</b>	<b>Description</b>	<b>Responsibility</b>	<b># of Days</b>
<b>Step 1</b> Allocation strategy development	1.1 OCHA prepares Allocation Strategy Paper (strategic priorities, criteria, process and timeline) Supervised by the HoO, the HFU prepares the Allocation Strategy Paper in consultation with the OCHA's Inter-Cluster Coordinator (ICC) who may request inputs from the ICCG	- Sectors - OCHA - HC - AB	
	1.2 Allocation Strategy Paper review by OCHA HQ/FCS	OCHA	
	1.3 HC review and AB endorsement of strategy	- HFU - AB	
	HFU launches allocation on behalf of HC	- HC - HFU	
<b>Step 2</b> Submission of proposals	1.1 Submission of proposals	Implementing partner	5 working days
	1.2 General check by HFU (eligibility of partner in case of suspension, compliance with template, duplication of proposals, etc.)	HFU	1 working day
	1.3 Submission for strategic and technical review of projects (the two reviews could be combined)	HFU	3 working day
<b>Step 3</b> Technical and financial review	2.1 Financial and technical review	- OCHA (HFU and FCS Finance Unit) - Technical Review Committees	4 working days
	2.2 Consolidation of financial and technical comments and submission to partners	HFU	
	2.3 Revision of proposals - max 3 times	Implementing partner	
<b>Step 4</b> Final approval by HC	3.1 HC approves projects	HC	1 working day
	3.2 Projects approved by HC is shared with AB.	HFU	1 working day
	3.3 HFU prepares draft Grant Agreements and decides start date in consultation with partners, and consequent reporting timeline	HFU	In parallel with above
	3.4 HC signs Grant Agreements	HC	1 working day
	3.5 Grant Agreements are shared with IPs for counter-signature	IP	1 working day
	3.6 Grant Agreements are signed by OCHA Executive Officer	- OCHA FCS Finance Unit - OCHA ASB	1 working day
<b>Step 5</b> Ministry of Social Affairs (MoSAL) approval for NNGOs	4.1 All Projects by National NGOs endorsed by the HC are sent to MoSAL for review	- HFU - HoO - HC	On average 60 days
<b>Step 6</b> Disbursement	5.1 Following OCHA EO signature, first tranches of funding are disbursed to the partners	- OCHA FCS Finance Unit	4 working days

The reserve allocation is intended for rapid and flexible allocation of funds in the event of unforeseen circumstances, emergencies, acute humanitarian needs, or contextually relevant needs (pipelines, logistics, etc.). The reserve will

be used to provide an immediate response in areas not within the HRP as well as regions not prioritized in the standard allocation where need has been demonstrated. Reserve allocations are designed to be more rapid than the standard allocation process. Proposals can be accepted either on a rolling basis, and are considered on a first-come-first-served basis, or pre-identified partners with capacity to implement, or based on the decision of the HC to trigger a reserve allocation. The necessity and size of the reserve allocation will be decided by the HC based on the needs and funding levels and the Advisory will be informed on such allocations. The allocation will be based on sector-determined priority needs as per the HRP.

### **5.5 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 the project is cleared by the finance at OCHA CBPF section in New York. The agreed upon start date will be included in the Grant Agreement. The HC will 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 FCS Finance Unit for the final signature. Eligibility of expenditures will be determined using the actual start date mentioned on the signed Grant Agreement.

## **6 Accountability framework**

### **Introduction**

Accountability is the foundation of the effective management of the SHF with the primary objective to manage risk and verify performance in line with the SHF Strategy and approved project plans. It applies the global Country-based Pooled Fund Guidelines, adapted to the context in Syria to ensure that funding best meets the needs of those affected by the crisis. The accountability framework consists of four pillars:

- i. Risk Management
- ii. Capacity assessment and performance management
- iii. Monitoring and reporting
- iv. Audit

With the establishment of the SHF in 2014, the development of a comprehensive Accountability Framework was an essential component considering the substantial level of operational, financial and reputational risks of project implementation in Syria. The SHF Accountability Framework is based on a comprehensive risk management model which aims to link principles of due diligence, capacity assessment and performance and throughout the project cycle.

This document provides an overview of the four pillars of accountability under the SHF: risk management, monitoring and reporting, evaluation and auditing. The Framework will serve as an operational manual defining how partners will be assessed and selected as SHF partners.

The Accountability Framework document is endorsed by the Humanitarian Coordinator (HC), in consultation with the Advisory Board (AB), who will ensure that adequate resources are allocated under the SHF to the proposed activities to ensure their full implementation.

### **Risk Management**

The management of the SHF in Syria will be based on a risk-based approach to ensure a thorough analysis of risks is undertaken and that adequate assurance modalities are identified to mitigate these risks. Risks will be analysed at the level of the partner by undertaking due diligence activities and a comprehensive capacity assessment, as well as at the level of the Fund.

#### **a. Due Diligence and Capacity Assessment Processes for Implementing Partners**

In order to be eligible to apply for funding under the SHF, NGOs have to complete a capacity assessment process. Its aim is to ensure that the SHF is equipped with the necessary information about the capacities of NGO partners to implement SHF-funded projects.

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

### **Due Diligence**

The capacity assessment process will be initiated by prospective SHF partners filling out the *Initial Application Form* and the *Initial Application Checklist* and returning their completed application, together with the required documentation outlined in the Checklist, to the OCHA Humanitarian Financing Unit (HFU).

The HFU will then conduct a preliminary review of the application and documents submitted, and provide feedback to the organisation as to whether their application can proceed to the Capacity Assessment.

### **Capacity Assessment**

Eligible partners, based on the individual score obtained during the assessment, will be categorised as having one of three capacity levels. The score will also determine the appropriate operational modalities and control mechanisms that will be applicable to them as defined in Table 1 below.

The Capacity Assessment tool plays a two-fold role. On one hand, it aims at improving the management of SHF projects by identifying the most suitable modalities and scale of assurances that guarantees sufficient transparency, whilst not overloading partners with unnecessary controls. The streamlining of control mechanisms will make project management requirements lighter for partners classified as having high or medium capacity. On the other hand, the capacity assessment aims at building the capacity of partners by identifying their strengths and areas for improvement, and outlining areas where organisational capacity and systems can be strengthened. Non-eligible organisations will receive feedback on the assessment and be encouraged to make adjustments so as to become eligible in the future.

Ideally, SHF implementing partners should have:

#### *Programme Management Capacity including:*

- Legal capacity, status and authority to enter into a grant agreement with the SHF;
- Effective organisational leadership, management, transparent decision making and accountability systems;
- Adequate infrastructure and information systems to support grant implementation, including the monitoring of performance of sub-recipients and outsourced entities (such as procurement agents) in a timely and accountable manner; and
- Adequate technical expertise and cross-functional expertise to implement the programmatic activities.

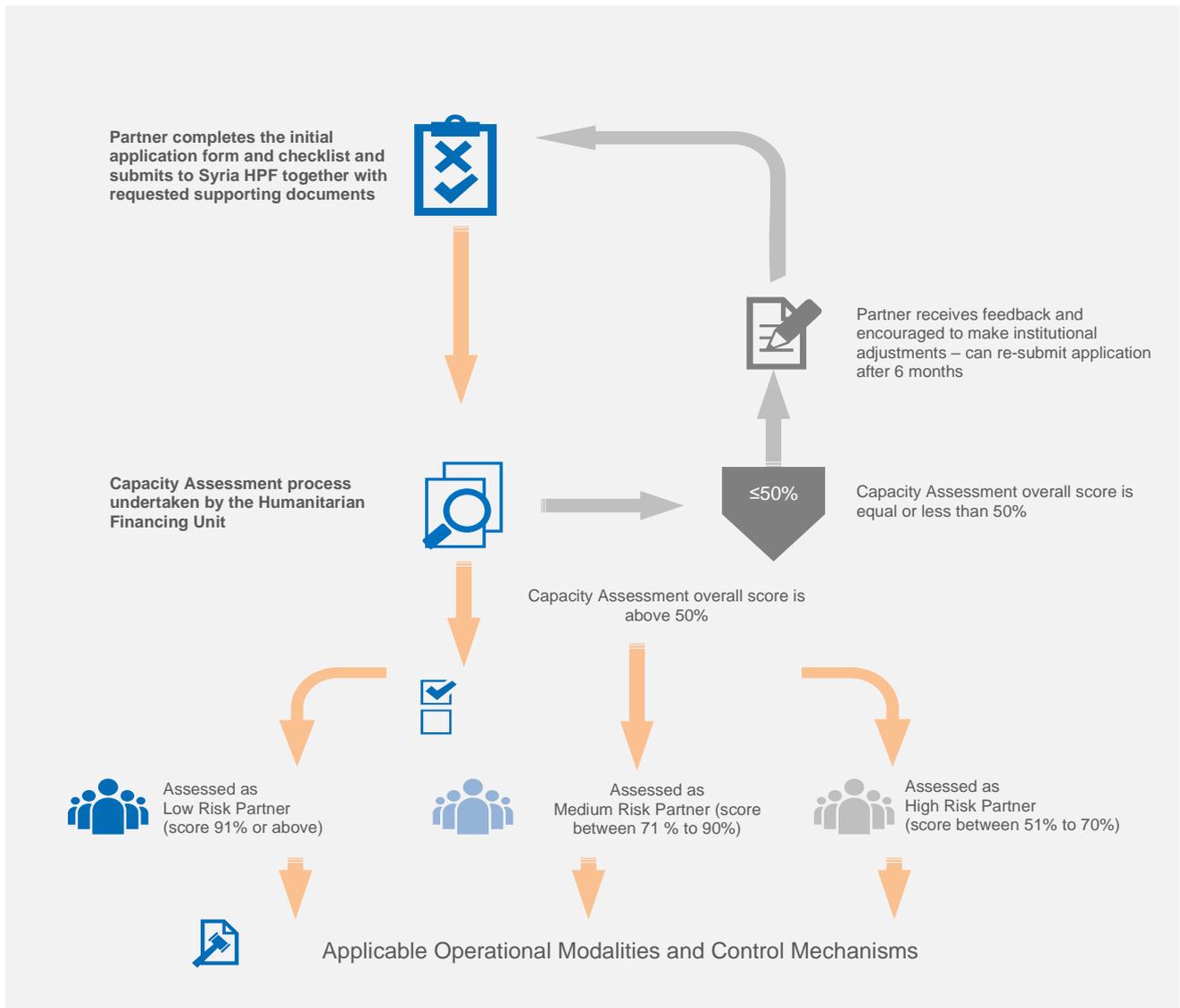
#### *Financial Management and Systems that:*

- Accurately and promptly record all transactions, disbursements and balances, including those related to the SHF;
- Maintain an adequate internal control system;
- Demonstrate sufficient separation of duties;
- Enable the prompt preparation of regular and reliable financial statements and reports;
- Safeguard financial and physical assets of the SHF, and
- Are subject to, and comply with, acceptable auditing arrangements.

#### *Monitoring and Evaluation Systems that:*

- Collect and record programmatic data with appropriate quality control measures;
- Support the preparation of regular and reliable programmatic reports; and
- Make data available for the purpose of evaluations and other studies.

**Application and Capacity Review Process**



**Managing Performance**

**Performance Index**

An internal Performance Index is linked to GMS with the objective to track partners’ performance so as to inform future funding decisions and revise if necessary the Operational Modalities and Control Mechanisms that apply to partners.

The Performance Index will track the partner’s capacity in a number of areas, including but not limited to: quality of proposals submitted, progress of project implementation, quality of activities, timeliness and quality of reporting (narrative and financial), timeliness of tranche disbursement, audit and revision requests, based on a scoring system. If a partner is found to have a poor performance record, no further funding allocation will be made until the partner can demonstrate internal changes/improvements have been made.

PI Categories	Question	Question is asked at the following GMS step:	Category Weightage
Quality of project document and timeliness of the response	How do you assess the quality of proposals and the timeliness of the response on the comments made?	When the HFU submits the GA for EO signature	10%
Monitoring Findings	What is your overall assessment of the project implementation (quality and timeliness) against approved targets and time-frame?	When the HFU clicks on "completed" in monitoring module	25%
Narrative reporting performance	How do you assess the quality and timeliness of the narrative report?	When the HFU approves a narrative report (progress and final).	15%
Revision Request/s	How do you assess the timeliness, frequency and justification of the project revision?	When the HFU clicks on "Project revision Reviewed and Cleared by HFU"	10%
Financial performance	How do you assess the quality and performance of the financial report?	When the HFU approves a financial report (interim, extraordinary and final)	20%
Audit findings	How do you assess the audit findings?	When the Audit report is finalized by the HFU	20%
<b>Total</b>			<b>100%</b>

**Relationship between the Capacity Assessment (CA) and the Performance Index (PI).**

- Combination of CA+PI= performance rating and risk level
- Weightage adjusted if IP complete more projects

Number of Projects	1		2		3		4		5		6	
		Weight										
CA	60%	CA	40%	CA	25%	CA	15%	CA	0%	CA	0%	
PI 1	40%	PI 1	40%	PI 1	40%	PI 1	35%	PI 1	35%	PI 1	35%	
Total	100%	PI 2	20%	PI 2	20%	PI 2	25%	PI 2	25%	PI 2	25%	
		Total	100%	PI 3	15%	PI 3	15%	PI 3	20%	PI 3	15%	
				Total	100%	PI 4	10%	PI 4	10%	PI 4	10%	
						Total	100%	PI 5	10%	PI 5	10%	
								Total	100%	PI 6	5%	
										Total	100%	

PI is the Performance Index score per project  
 PI (1) is the most recent project, PI (2) the second etc. This is determined by the start date of the grant agreement which will not change if there is a " No Cost Extension".

**Capacity and Operational Modalities**

Defining capacity levels

Partners deemed eligible will be assigned a level of risk assessed (low, medium or high) which will determine the control mechanisms that will apply to them in their management of SHF projects. The definition of the eligibility

thresholds and the score bands for the high, medium and low-risk categories will be developed by OCHA on behalf of the SHF, taking into consideration the operational context in Syria.

The performance level of each implementing partner is a dynamic rating that can change over time through the interactions between the partner and the SHF. Performance in the implementation of SHF projects e.g. timeliness of reporting, achievement of project objectives and targets, findings of audits, financial spot-checks and monitoring can trigger changes in the risk level. In addition, partners that have been assessed but have not implemented SHF projects and have no performance history will be re-assessed three years after the completion of the previous capacity assessment.

### Control Mechanisms

The identification of the risk level of the partner determines the control mechanisms that apply to the management of the partner’s SHF project. Measures such as budget size, disbursement modalities, frequency of narrative and financial reporting, monitoring visits, and audits are decided in accordance with the risk / capacity level of each partner as determined by the capacity assessment. Table 1 provides an overview of the modulation of the control mechanisms based on the three partner capacity levels.

**Table 1 – Operational Modalities and Control Mechanisms for SHF Partners.**

Risk level / capacity	Project duration (months)	Project value (thousand USD)	Maximum Amount per (project thousand USD)	Disbursements (in % of total) *	Financial reporting			Narrative reporting	Monitoring		Audit	
					For disbursements	31 January	Final	Progress	Final	Field visit		Financial spot check
<b>NGOs</b>												
High risk	Less than 7	≤ 250	250	50-50	Yes	Yes	Yes	Yes (1 mid)	Yes	1	1	As per plan
		> 250	500	50-50	Yes	Yes	Yes	Yes (1 mid)	Yes	1	1	
	Between 7-12	≤ 250	250	40-40-20	Yes	Yes	Yes	Yes (2)	Yes	1	1	
		> 250	800	40-30-30	Yes	Yes	Yes	Yes (2)	Yes	1-2	1	
Medium risk	Less than 7	≤ 250	250	60-40	Yes	Yes	Yes	Yes (1 mid)	Yes	1	-	
		> 250	700	80-20	Yes	Yes	Yes	Yes (1 mid)	Yes	1	-	
	Between 7-12	≤ 250	250	80-20	Yes	Yes	Yes	Yes (1 mid)	Yes	1	-	
		> 250 - 1,200	1,200	60-40	Yes	Yes	Yes	Yes (1 mid)	Yes	1	0 -1	
Low risk	Less than 7	≤ 400	-	100	No	Yes	Yes	No	Yes	1	-	
		> 400	-	80-20	Yes	Yes	Yes	No	Yes	1	-	
	Between 7-12	≤ 400	-	100	No	Yes	Yes	Yes (1 mid)	Yes	1	-	
		> 400	-	80-20	Yes	Yes	Yes	Yes (1 mid)	Yes	1	1 / partner	
<b>UN Agencies</b>												
No risk/ high capacity	Less than 7	-	-	100	-	Yes	Yes	-	Yes	OM***	-	
	Between 7-12	-	-	100	-	Yes	Yes	1 mid	Yes	OM***	-	

\* Three progress reports are only required for projects of 10 months or more.

\*\* Additional field visits are only required for projects of 10 months or more

\*\*\*Monitoring arrangements for projects implemented by UN agencies will be determined at the country level according to specific arrangements outlined by the HC and the AB. Monitoring of the UN projects is mandatory and should be based on a sampling methodology considering country-specific factors as required.

### 6.1 Risk-based Management at the Fund Level

A number of strategic, programmatic, financial and management risks are inherent to the administration of IHF. The fund-level risk assessment, analysis and management based on OCHA’s Global Guidelines for Risk Management, is designed to support the HC in making strategic decisions to mitigate the risks faced by the SHF and enable the Fund to achieve its objectives. The SHF Risk Management Framework, developed by the AB is updated by the HFU and endorsed by the AB every six months. The SHF Risk Management Framework is annexed to this manual.

### 6.3. Monitoring

#### a. Objectives of Monitoring

The framework is based on the assumption that SHF-funded partner organisations will have adequate internal mechanisms to meet project management, monitoring and reporting requirements and generate quality performance information. The capacity of each organisation will be assessed during the capacity assessment; during the project approval process; and 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:

- (1) Ensure adequate verification of reported results at project level thereby contributing to increased accountability;
- (2) Provide evidence on how the SHF has contributed to broader outcomes set forth in the Syria Response Plan, and reinforce evidence-based decisions making by the HC, the Advisory Board and Sector Leads;
- (3) Ensure that resources are used efficiently and according to agreed project documents and SHF policy papers; and
- (4) To support Partners during their implementation of SHF funded activities.

#### b. Monitoring Methodology – Applicable Tools

Monitoring outputs (activity monitoring) will be conducted by using quantitative tools and measures such as using structured multiple-choice questionnaires. Information gathered will be analyzed and used to develop best practices. Methods used include:

#### i. Monitoring of projects implemented in areas not accessible to OCHA staff

- Remote Monitoring: Telephone and Skype to collect information on progress made on project outputs from key stakeholders and beneficiaries and assess beneficiary satisfaction. Telephone interviews with key stakeholders using structured multiple-choice questionnaires will be used. The stakeholders will be selected based on their knowledge of the projects implemented, including project implementation teams, community leaders, professionals, or residents in the area of implementation.
- Use of Photographs and Videos: These are an essential components of remote project monitoring and particularly useful in infrastructural projects such buildings and installation of equipment. A time-stamp on a photo confirms the date and time of the photograph, which increases their credibility as evidence of project progress.
- Third Party Monitoring: Where applicable, particularly in areas where access is limited, the Third Party Monitoring is used to verify projects implementation by conducting physical visits to project locations.
- Progress reports by implementing partners: Reporting will reflect progress made on project implementation. This includes financial and narrative reports, where the frequency of reports submission will be based on the capacity level of implementing partners.

#### ii. Monitoring of projects implemented in areas accessible to OCHA staff

- Field Site Monitoring by OCHA staff: Where possible, field site monitoring visits will be conducted by OCHA HFU. Field monitoring will be essential to provide an insight into the status of project implementation. OCHA's field staff will be engaged in field site monitoring, using a specific monitoring template to ensure consistency in monitoring.
- Field Site Monitoring by Sector Coordinators: In order to promote peer-based monitoring, sector coordinators will be engaged in the monitoring of relevant projects. Their participation will promote the use of agreed sectoral baselines, supporting a coherent sector approach.

**‘Do No Harm’ Considerations**

All options above will need to be carefully assessed using a ‘Do No Harm’ approach to make sure that the selected monitoring option does not simply ‘transfer risks’ to other entities in charge of monitoring, or create unintentional harm.

**Roles and Responsibilities**

The partner implementing SHF-funded projects remains the key responsible party in ensuring proper delivery and monitoring of project activities. They are expected to maintain robust internal monitoring and reporting mechanisms that can produce accurate and relevant information for SHF reporting purposes. They will also be expected to engage and facilitate field-monitoring visits with OCHA or sectors as deemed necessary.

OCHA’s Humanitarian Financing Unit (HFU) is responsible for:

- a. Developing and maintaining a comprehensive SHF monitoring plan;
- b. Support the Third Party Monitoring service provider on developing and implementing the operational plan for monitoring;
- c. Working closely with Sector Coordinators to develop standardised sector specific methodologies, tools, monitoring and reporting formats;
- d. Undertaking field site monitoring missions and where appropriate conduct remote monitoring in line with the monitoring plan in cooperation with OCHA sub-offices; and
- e. Reviewing and analysing information collected through monitoring activities and reporting.

**6.4 Reporting****Narrative and Financial Project Reporting**

Project performance information is effectively generated through the partner’s internal mechanisms. The role of OCHA is to collect, organise and provide quality control of the information that has been generated through these mechanisms.

Reporting requirements are determined by:

- (i) duration of projects (applicable to both UN Agencies and NGOs);
- (ii) partner risk level (applicable only to NGOs);
- (iii) total project budget (applicable only to NGOs); and
- (iv) requirements for the Annual Report.

All narrative reports should collect, as a minimum requirement, information on

- (i) number of beneficiaries targeted and reached,
- (ii) progress on project outputs,
- (iii) use of funds (un-certified financial expenditures), and
- (iv) details of sub-granting.

Financial reporting requirements differ between UN agencies and NGOs. For UN agencies, reporting requirements are determined by the applicable agreement for the SHF. Financial reporting requirements for NGOs are captured by the applicable agreement between the NGO and the SHF, and determined by the risk level assigned to the partner. In all cases, partners will submit a final financial report, certified by the designated authority, after the end of the project.

**Periodic Reporting on SHF Activities****SHF Annual Reports**

The HC, supported by OCHA and in close consultation with the sector lead agencies, will prepare a narrative Annual Report of the SHF. The Annual Report will feature trends, best practices, lessons learned and challenges, and showcase success stories and achievements. Prior to being issued, the draft report will be shared with AB members for comments.

**Transparency**

Annual Reports and related documents on SHF activities in Syria will be posted on the OCHA Syria website.

**6.5 Audit**

### Audits for UN Agencies

Participating UN Agencies will be audited in accordance with their own Financial Regulations and Rules and in accordance with the Framework for auditing for Country Based Pooled Funds.

### Audits for NGOs

NGO-implemented projects will be audited in compliance with financial regulations, rules and directives applicable to the SHF. One or several external auditing companies will be contacted by OCHA to deliver on the audit requirements of NGO partners.

### **Audits of SHF**

Audits at the overall SHF level are triggered and performed by the main oversight bodies of the United Nations: the UN Board of Auditors, the Office for Internal Oversight Services and the Joint Inspection Unit. Findings are made available to appropriate stakeholders.

OCHA will keep a log of all audit findings under its internal Performance Index, to encourage organisations to address previous findings on management weaknesses before applying for new SHF funding.

### **Fraud and other incidents involving loss**

HQ (Chief of FCS) should immediately be informed by the OCHA HoO whenever there is a credible indication of possible fraud, corruption or misuse of funds related to SHF projects. Individual cases should be reported to determine whether an investigation process is warranted. The SHF Report Form on Suspected Fraudulent Acts by IPs should be used to document the facts of the case (see Annex 22a, Fraud Report Form). The decision to trigger an investigation is made by the OCHA HQ/EO after a consultative process involving OCHA HQ/FCS and the OCHA Country Office while keeping the HC informed. OCHA will apply appropriate conservative measures (e.g. suspension) to partners that are being investigated.

The process for dealing with investigations, once initiated, should be conducted according to the internal OCHA Standard Operating Procedure (SOP) on Suspected Fraud and Misuse of Funds (see Annex 2) which describes the successive steps that OCHA will take in the event of an investigation into an implementing partner contracted under an SHF-funded project. Information sharing and communication should be handled on a confidential basis.

Other incidents: Incidents during the project cycle that affect a partner's ability to account for the use of funds or goods, must be reported to the HFU in writing as soon as they occur. An Incident Report and supporting documents should be submitted by the HFU to OCHA HQ/FCS within 30 days (see Annex 2 c and d, Incident Reporting Guidelines and Incident Report Form). Incidents include theft by third parties, diversion of humanitarian assistance by a third party, looting of offices or warehouses, or loss of documents. These incidents should be reported to the Funds' Advisory Board at a minimum on a six-month basis.

### **6.6 Feedback Mechanism**

SHF stakeholders that feel that their concerns or complaints regarding SHF processes or decisions have been insufficiently addressed, can at any point in time contact the OCHA Head of Office. Complaints will be compiled, reviewed and passed to the HC, who will then take a decision on necessary actions. The HC will share with the Advisory Board any such concerns or complaints and actions taken.

General feedback from partners or stakeholders regarding the SHF can be sent to OCHA who will address and/or answer the issue raised.

The following email address, [SyriaHF-feedback@un.org](mailto:SyriaHF-feedback@un.org) is available to receive feedback from stakeholders who believe they have been treated incorrectly or unfairly during any of the SHF processes. OCHA will compile, review, address and (if necessary) raise the issues to the HC, who will then take a decision on necessary action. All received information will be treated confidential. The HFU will be exploring the possibility to include other options for the submission of complaints, such as a dedicated phoneline/ WhatsApp number.

## 6.7 Additional information

Periodic updates and annual report: To ensure continuous and sufficient information sharing to stakeholders, OCHA HFU will generate periodic dashboards and regular reports on the achievements, challenges and funding trends of the SHF. These reports will not disclose information that may put implementing partners or affected population at risk. The updated information on allocations and contributions is publicly available on the CBPF business intelligence web-site <https://pfb.unocha.org/>

Relevant OCHA policies and guidelines on pooled funds can be found at <http://www.unocha.org/syria>  
 Contacts: [SyriaHF@un.org](mailto:SyriaHF@un.org)

## 7. Administration of SHF

### 7.1 Basic definitions and guidance on the project budget preparation process

These guidelines 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 costs, budget categories and the adequate breakdown of budget lines. This guidance applies to all partners.

#### 7.1.1 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 and 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).

#### 7.1.2 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 and that 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. Comply with the guidance provided by SHF for the classification and itemization of planned costs as outlined on the budget tool on GMS. Provide a budget narrative (as an essential component of the budget in the budget 'remarks column') 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.

## 7.2 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).

### **Ineligible costs**

The following costs are ineligible:

- Costs not included and / or deviating from 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.
- Global evaluation of programmes.
- Audit fees/system audit fees – these costs are paid directly by the Fund<sup>4</sup>.
- Miscellaneous costs not defined in the budget.

### **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. Such trainings would for example focus on technical skills i.e. PSS for teachers, skills for

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<sup>4</sup> Those costs are charged as a direct cost for the management of the Fund.

health workers etc.

- Visibility material of the implementing partner directly related to projects funded by SHF.
- 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 SHF funding.
- Equipment for the regular operations of the implementing partner.
- Recurrent costs for the implementing partner's current operations.

### **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. <sup>5</sup>
- ✓ 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 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.

### **Shared Costs**

Sharing costs between different donors and projects under a country programme of an implementing partner is an acceptable practice for the Syria Humanitarian Fund. The implementing partner may share certain Country Office

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<sup>5</sup> The updates of OCHA Fund management structure will be presented to the AB on a yearly basis.

costs for example staff, office rent, utilities and rented vehicles between different uses and projects.

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).<sup>6</sup>
- 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<sup>7</sup>. 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

### 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<sup>8</sup>.
- ✓ 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.
- ✓ 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 items<sup>9</sup> 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

<sup>6</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 a guard in a 12 months 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).

<sup>7</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).

<sup>8</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>9</sup> The list should be provided as an annex to the budget.

Emergency Health Kit. This does not include standard kits agreed upon in Syria.

- ✓ 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.

### Signature of Grant Agreements

Standard Grant Agreement templates (see 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 fund management.

Grant Agreements with UN agencies, NGOs, and Red Cross and Red Crescent Movement are prepared by OCHA Country Offices (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).

Agreements (see 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 (all annexed) 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).
- ✓ Duly signed compliance memos.

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.

### 7.3 Guidelines on requesting project changes

#### 7.3.1 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.

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

The HC, or the OCHA HoO if delegated to do so (see Annex 21, Delegation of Authority for revision approval), 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:

- ✓ Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category
- ✓ Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category
- ✓ Change in duration of the project
- ✓ Change of banking information relevant to the project
- ✓ Any other changes that have financial or legal implications and are part of the Grant Agreement
- ✓ Cost extension to cater for budget extension.

The following changes do not require a Grant Agreement Amendment and will be approved in GMS through the 'approval without GA amendment' feature:

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

#### 7.3.2 No-Cost Extensions (NCEs)

- ✓ No-Cost Extension (NCE) requests are 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.
- ✓ NCEs Project Revision Requests should be submitted at least four weeks prior to the end of the project. Later submissions will not be considered.
- ✓ To extend the duration, an amendment to the original agreement must be signed by both parties.
- ✓ NCEs should be endorsed by the HC.

#### 7.3.3 Cost Extensions

- ✓ Cost Extension requests are 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.
- ✓ Cost Extension Requests should be submitted at least four weeks prior to the end of the project. Later

submissions will not be considered.

- ✓ Cost extensions should be recommended by the sector(s), HFU and endorsed by the HC.

#### 7.3.4 Budget Modification

There are three types of acceptable budget revisions:

- Budget revision not exceeding 15 per cent of the approved budget.
  - ✓ This type of modification does not require formal authorization 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.
  - ✓ Cost redeployments to budget categories not exceeding 15 per cent of the originally approved budget category are acceptable for all categories. Any
  - ✓ Redeployment must be done against existing budget lines.
 

*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
  - ✓ Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the HC authorization.
  - ✓ The implementing partner will make the request to the HC (Annexes 20 Project Revision Request Form and 13 a and b, tab 7, Budget Tool for Amendments), after prior consultation with the fund manager.
  - ✓ 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.
  - ✓ 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).
  - ✓ 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.

#### Contingency Line

- ✓ Partners can include a contingency line with a maximum of 4 percent of total project budget and this should be under the “Operating and other direct cost” category. This contingency line is used to ensure a speedy response as it can quickly be reprogrammed to address emerging needs.
- ✓ Approval for the use of contingency should be sought from the Fund Manager before implementation.

#### 7.3.5 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 13 a 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.

## 7.4 Project Closure

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

- ✓ 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.
- ✓ 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).
- ✓ After clearance of the FFR, projects will be audited within 2 months.
- ✓ OCHA HFU and FCS will review and close the project within 2 months from receipt of the audit report.
- ✓ 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 (Annex 15, Compliance Measures). 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.

## 7 Contact information

**Email:** [SyriaHF@un.org](mailto:SyriaHF@un.org)

**Web:** <https://www.unocha.org/syrian-arab-republic/about-syria-hf>

## 8 List of Annexes

- SHF Risk Management Framework
- CBPF Standard Operating Procedures on Response to Concerns of Fraud and Misuse of Funds by Partners (June 2020)
- Cross-cutting issues
- Standard Operating Procedures on: Response to Concerns of Sexual Exploitation and Abuse involving Implementing Partners of Country-based Pooled Funds