

GUIDANCE NOTE 2

HOW DOES SHF DISTRIBUTE THE FUNDS?

The Humanitarian Coordinator (HC), in consultation with the SHF Advisory Board (AB), determines how the money should be apportioned between these two modalities to best meet humanitarian needs.

WHAT IS THE STANDARD ALLOCATION?

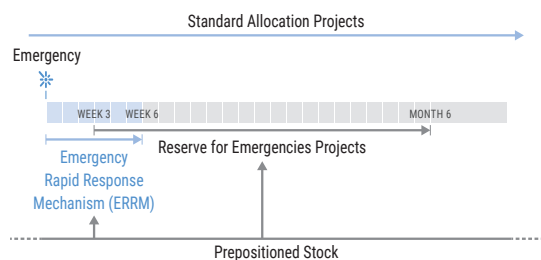
Standard Allocation is a process that distributes funds to projects.

The HC uses the Standard Allocation process to support strategic priorities within the Humanitarian Response Plan (HRP). The process is informed by the Advisory Board (AB) and is conducted in close consultation with sectors to ensure the best possible use of resources. The Standard Allocation is issued at least once a year.

The process has several steps to ensure funds are distributed transparently:

- The Standard Allocation begins with a strategy called an allocation paper. SHF partners are invited to submit proposals.
- Proposals are processed by sectors through a strategic review and a subsequent technical and financial review.
- Final approval is provided by the HC.

The projects last for one year.



WHAT IS THE RESERVE FOR EMERGENCIES ALLOCATION?

The Reserve for Emergencies (RfE) allocations enable rapid and flexible allocation of funds in response to new or deteriorating emergencies. It does this in three ways:

- **Prepositioned stock** is made available to SHF partners who implement ERRM and RfE Projects.
- **Early Rapid Response Mechanism (ERRM)** is a contingency line within SHF projects that can be accessed immediately in the event of an emergency.
- **RfE projects**, which require a new grant, allow for a longer and more complex emergency response.

Together, these three response tools allow for a continued response, from the first days of an emergency up to six months. After that, other funding mechanisms of humanitarian actors should cover the needs. Also, Standard Allocation projects can target these recent needs with priority interventions.

Prepositioned stock

SHF maintains a stock of essential, life-saving emergency supplies for emergency distribution in new or deteriorating emergencies. Through effective stock management and by considering procurement lead times, SHF initiates pipeline funding, covered by the RfE, to replenish the stock when at risk of being depleted. Around 15% of the SHF fund is allocated for prepositioning.

SHF covers only a portion of the overall prepositioned stock in Sudan. It is limited in scope by linking it to SHF's Emergency Rapid Response Mechanism (ERRM) and Reserve for Emergency projects, in its focus on lifesaving humanitarian supplies distributed to people in need in prioritised sectors. The stock serves to cover the needs in the first few crucial weeks of an emergency.

Emergency Rapid Response Mechanism

The ERRM enables selected projects to have a budget line reserved for emergencies. ERRM is a fast-tracked funding mechanism in the Sudan Humanitarian Fund. Within three days, capped funding is made available to respond to new or deteriorating humanitarian needs. As an initial lifesaving response mechanism, it serves to bridge the period between the emergency occurring or deteriorating and the setting up of a longer-term humanitarian response.

Instead of creating a new grant agreement, selected SHF partners that have Standard Allocation or Reserve for Emergency project can request to use contingency budget lines through a concept note. This approach bypasses the time-consuming processes of setting up new technical agreements. The SHF monitors funds remaining in the ERRM budgets and depleted budgets can, depending on the circumstances, be replenished.

Reserve for emergency project

A Reserve for Emergency Project (RfEP) responds to a new or deteriorating emergency or anticipates an imminent emergency. An RfEP can also intervene in areas that are newly accessible. A RfEP is established through a new SHF grant. A RfEP is justified when, beyond the immediate response, a more robust humanitarian intervention is urgently required, but regular humanitarian funding is not yet available.

With time being of the essence, the selection process is kept as short and quick as possible and focuses on the response capacity of the implementing partner in the relevant State. Ideally, a case for funding should be submitted within ten days of the emergency occurring and implementation should start as soon as possible, and not beyond six weeks after the onset of the emergency. The project duration is a maximum of eight months, and a no-cost extension can be requested for an additional two months.

How SHF distributes money

