<table>
<thead>
<tr>
<th>Acronyms</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>Advisory Board</td>
</tr>
<tr>
<td>BoA</td>
<td>Board of Auditors</td>
</tr>
<tr>
<td>CBPF</td>
<td>Country-Based Pooled Fund</td>
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<tr>
<td>CPF</td>
<td>Common Performance Framework</td>
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<tr>
<td>DD</td>
<td>Due Diligence</td>
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<tr>
<td>GG</td>
<td>OCHA Global Guidelines for Country-Based Pooled Funds</td>
</tr>
<tr>
<td>GMS</td>
<td>Grant Management System</td>
</tr>
<tr>
<td>HC</td>
<td>Humanitarian Coordinator</td>
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<tr>
<td>HCT</td>
<td>Humanitarian Country Team</td>
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<tr>
<td>HFU</td>
<td>Humanitarian Financing Unit</td>
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<tr>
<td>HoO</td>
<td>Head of Office</td>
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<tr>
<td>HPC</td>
<td>Humanitarian Program Cycle</td>
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<tr>
<td>HQ</td>
<td>OCHA Headquarters (New York, Geneva)</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-Governmental Organization</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>NCE</td>
<td>No-Cost Extension</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>NNGO</td>
<td>National/Local Non-Governmental Organization</td>
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<tr>
<td>NHF</td>
<td>Nigeria Humanitarian Fund</td>
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<tr>
<td>OCHA</td>
<td>United Nations Office for the Coordination of Humanitarian Affairs</td>
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<tr>
<td>OIOS</td>
<td>Office for Internal Oversight</td>
</tr>
<tr>
<td>PCA</td>
<td>Partner Capacity Assessment / Internal Capacity Assessment (ICA)</td>
</tr>
<tr>
<td>PI</td>
<td>Performance Index</td>
</tr>
<tr>
<td>SRC</td>
<td>Strategic Review Committee</td>
</tr>
<tr>
<td>SRP</td>
<td>Strategic Response Plan</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>TRC</td>
<td>Technical Review Committee</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
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</table>
A Introduction

1. In February 2017, the United Nations Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator launched the NHF – a Country-based Pooled Fund (CBPF) managed by the UN Office for the Coordination of Humanitarian Affairs (OCHA) – in support of life-saving humanitarian and recovery operations in Nigeria.

2. Under the leadership of the United Nations Humanitarian Coordinator (HC) for Nigeria, the NHF is supporting the timely allocation and disbursement of donor resources to the most critical humanitarian needs defined in the Nigeria Humanitarian Response Plan (HRP).

3. The NHF provides an opportunity for donors to pool their contributions to deliver a stronger collective response. It supports in-country relief organizations to reach the most vulnerable people and ensures maximum impact of limited resources:
   - Inclusive and promoting partnerships: Funds are directly available to a wide range of relief partners. This includes international, national and local non-governmental organizations (NGOs), UN Agencies and Red Cross/Red Crescent Organizations.
   - Timely and flexible: It supports the delivery of an agile response in a fluid emergency.
   - Efficient and accountable: It minimizes transaction costs and provides transparency and accountability. Recipient organizations are thoroughly evaluated and relief projects are monitored with regular reporting on achievements.

4. Like all CBPFs, the NHF is designed to complement other humanitarian funding sources, such as bilateral funding and the Central Emergency Response Fund (CERF)\(^1\).

5. This Operational Manual defines the country-specific rules and regulations of the Nigeria Humanitarian Fund (NHF). It describes the governance arrangements, allocation modalities, priorities, and accountability mechanisms of the Fund, as well as the roles and responsibilities of partners and stakeholders involved in NHF processes.

6. This manual is issued by the HC and endorsed by the Advisory Board (AB) to:
   i. Provide clarification and instructions for partners and stakeholders involved in NHF management, policy and governance;
   ii. Describe the steps and requirements of allocation processes with the aim of enhancing timely and strategic allocation decisions;
   iii. Guide Partners, Sector Co-leads and members of Strategic Review Committees at sector level;
   iv. Describe the accountability and risk management framework of the NHF.

7. This manual is based upon and compliant with the Global Guidelines for Country Based Pooled Funds (CBPFs), the global rules and regulations that apply to all CBPFs.

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\(^1\) CERF allocations in Nigeria are managed by the OCHA Humanitarian Financing Unit and its staff based in Abuja.
B Objectives of the Nigeria Humanitarian Fund

8. The NHF has four main objectives:

   i. Support principled, prioritized life-saving assistance.
   ii. Strengthen coordination and leadership through the function of the Humanitarian Coordinator and the sectors system, promoting synergies and multi-sectoral responses.
   iii. Expand assistance to hard-to-reach areas through front-line responders and enabling activities;
   iv. Leverage the Nigerian private sector in support of humanitarian response.

9. The NHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between sectors and humanitarian organizations. As such, the NHF contributes to improving needs assessments, enhancing the HRP as the strategic planning document for humanitarian action, strengthening coordination mechanisms, in particular the sector system, and improving accountability through its monitoring and reporting framework.

10. The NHF follows recommendations made to CBPFs at global level, such as during the 2016 World Humanitarian Summit, and adheres to respective ‘Grand Bargain’ work stream commitments:

    • **Work Stream 1**: NHF data is publicly available through dedicated transparency websites at: https://gms.unocha.org/bi and http://www.unocha.org/nhf These websites provide detailed contribution and allocation data in real time which can be retrieved for analysis, ensuring also that NHF data is fully compliant and formatted for publication according to International Aid Transparency Initiative (IATI) standards.

    • **Work Stream 2**: The NHF promotes inclusive governance of the fund and incentivises further inclusion particularly of national/local partners in humanitarian coordination mechanisms in Nigeria. The NHF provides targeted and training throughout the program cycle at country-level and supports the involvement of NHF partners through the CBPF-NGO Dialogue Platform at global level.

    • **Work Stream 3**: The NHF is cash-ready by design, which means mechanisms are in place to enable funding of cash-based programs. The NHF is able to tag and track cash programs in the GMS and display then on the public GMS Business Intelligence website.

    • **Work Stream 4**: The NHF reduces management costs for donors with grant management, monitoring and reporting handled by OCHA on their behalf. The NHF follows the direct-cost approach and its budget is separated from OCHA country office budgets.

    • **Work Stream 6**: NHF partners are required to involve affected populations in the project management cycle. Partner capacity assessments verify if policies on accountability to affected populations are in place.

    • **Work Stream 8**: NHF allocations are needs based, prioritized through inclusive and transparent processes under the leadership of the Humanitarian Coordinator and support the delivery of the HRP. NHF allocations provide timely funding to promote early action and mitigate the impact of crises on communities and their livelihoods. NHF funding is directly accessible to local, national and international relief organizations, leveraging comparative advantages and encouraging collective ownership of the response. The NHF provides optimal solutions for donors that are unable to directly fund or assess implementing partners in Nigeria.

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2 The NHF is staffed with, and these activities are carried out by a Humanitarian Financing Advisor based in Abuja.
• **Work Stream 9:** The NHF is using the Common Performance Framework developed for all CBPFs. The set of performance indicators standardizes the reporting and performance measurement across all CBPFs, enabling donors to gauge the performance of the NHF. The Common Performance Framework is enhancing OCHAs corporate accountability in the management of CBPFs.

**C Governance**

**C1 United Nations Humanitarian Coordinator (HC) for Nigeria**

11. The HC leads the overall management and oversight of the Fund. The final decision-making authority rests with the HC.

12. The HC is supported by OCHA Head of Office as the custodian of the NHF, the OCHA Humanitarian Financing Unit (HFU) as the NHF secretariat and by the members of the NHF Advisory Board.

13. The role of the HC is to:
   
   i. Endorse the NHF Operational Manual;
   
   ii. Chair the NHF Advisory Board and provide strategic direction for the operation of the Fund;
   
   iii. Lead resource mobilisation in liaison with the Humanitarian Country Team (HCT), the OCHA Country Office and relevant OCHA units at headquarters;
   
   iv. Define the timing, strategic focus and amounts of allocation rounds, in consultation with the NHF Advisory Board;
   
   v. Approve allocations to projects recommended for funding, and initiate disbursements;
   
   vi. Ensure complementary use of NHF funding with other funding sources, including the Central Emergency Response Fund (CERF);
   
   vii. Review and, where appropriate, approve project revisions;
   
   viii. Ensure that appropriate accountability mechanisms are in place, including arrangements for fund-level risk management and for monitoring and reporting;
   
   ix. Approve the direct costs of running the NHF following endorsement by the Advisory Board;
   
   x. Lead the process of periodically reviewing the justification for the continuing operation of the NHF, and its closure if no longer justified.

**C2 NHF Advisory Board (AB)**

14. The Advisory Board (AB) is a governance body with an advisory function that supports the HC in the management of the NHF. The AB provides guidance and advice to the HC on strategic and policy matters in pursuit of the NHF objectives.

15. The AB is composed of and represents the views of Donors, UN agencies and the NGO Community.

16. The Terms of Reference (TOR) of the AB are included at Annex 1 of this manual, and may be periodically reviewed and updated. Core functions of the AB are:
i. Review and advise the HC on strategic focus of the fund, including allocation strategies, operational modalities, including project selection;

ii. Support the HC and NHF secretariat in periodic performance analysis, including review of the Risk Management Framework.

iii. Ensure transparency by ensuring that all partners are treated equally and that the fund complies with all respective policies and guidelines.

17. Members of the AB, as outlined in the respective TOR:

   i. Humanitarian Coordinator (as Chairperson, non-rotating);
   ii. Deputy Humanitarian Coordinator (member, non-rotating);
   iii. OCHA Head of Office (member, non-rotating);
   iv. 3 Representatives of contributing donors (rotating);
   v. 3 Representatives of participating UN Sector Lead Agencies (rotating);
   vi. 3 Representatives of the NGO community (1 NNGO minimum, rotating);
   vii. 2 Representative of a non-contributing donor (as Observer, rotating).

C3 Review Processes

18. All proposals submitted to the NHF will go through both strategic and technical review processes in order to ensure quality and compliance with fiduciary requirements.

   i. A strategic review of project proposals at sector level in order to prioritise proposals that best align to the Allocation Paper authorised by the HC and AB, the HRP criteria and sector-specific strategies.
   ii. A technical review of projects by technical experts at sector level and by the NHF in order to ensure high quality of selected project proposals, including review of the project budgets prior to approval and disbursement of funds to partners.

Strategic Review Committees (SRC)

19. Strategic reviews are conducted by review committees (SRC) that are convened by respective Sector Co-leads.

20. The Strategic Review Committees (SRCs) are composed of active members of the respective sector, with an equitable representation of UN agencies, INGOs and NNGOs. The NHF is attending all review meetings as a full member while also supporting Sector Co-Leads in carrying out their respective responsibilities. The SRC assesses and selects proposals to be recommended to the HC for funding, based on pre-determined criteria including a balanced scorecard that is established at the beginning of the allocation process. SRC selected proposals are presented to the HC and AB for endorsement. (see Annex 2 – Guidance Note for Strategic Review Committees).

Technical Review Committees (TRC)

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3 Documents to be discussed and / or endorsed by the Advisory Board shall be provided by the NHF one (1) week in advance so AB members are given sufficient time to review and provide strategic advice to the HC.
21. Technical Review Committees (TRCs) are a group of technical experts from the respective sectors, NHF and OCHA/FCS that assesses the technical soundness and appropriateness of project proposals.

22. The technical review process involves two-way communication between the review committee and the proposing organization. Partners are able to re-submit project proposals two times upon receiving written comments by the TRC.

23. The TRC collaborates closely with the NHF in all respective aspects. Technically approved and financially cleared proposals are submitted for HC’s approval and subsequent grant agreement signature.

**D Allocation modalities**

**D1 Eligibility**

24. Donor contributions to the NHF are utilized to fund projects carried out by:

   i. United Nations (UN) Funds and Agencies
   ii. National and international Non-Governmental Organizations (NGOs)
   iii. Red Cross/Red Crescent organisations. For the purpose of eligibility, these organizations will be treated as per the procedures applicable to NGOs.

25. In order to apply for eligibility assessment and access NHF GMS, organizations must be registered in Nigeria as Non-Governmental / non-profit organization (NGOs), Red Cross and Red Crescent Organizations, or UN funds, programmes, and agencies.

   **UN Eligibility**

26. In order to become eligible for funding from the NHF, UN funds and agencies must complete the Registration Form on the Grants Management System (GMS) of the Fund. Although UN Funds and Agencies are not required to complete due diligence (DD) processes at country-level, they are required to provide name and contact of focal points, the legal representative of the organization, address of the main office and banking information.

   **NGO and Red Cross/Red Crescent Eligibility**

27. All potential NGO and Red Cross/Red Crescent partners are required to undergo a due diligence process and internal capacity assessment in order to determine their eligibility and risk level (see section E2: Risk-based Grant Management and Annex 3 – NHF Partners Eligibility and Capacity Assessment Guidance).

28. The NHF conducts due diligence and capacity assessment only in between allocations. Applications for and processing of due diligence and capacity assessment will not be conducted whenever an allocation process is in progress.

29. NGO and Red Cross/Red Crescent partners that have not received funds from the NHF for a period of 36 months are required to undergo a new capacity assessment in order to re-establish their eligibility.

**Allocation Criteria**
30. The review and approval of project proposals is made in accordance with the objectives of the NHF, the parameters described in the Allocation Strategy Paper for any particular allocation, and on basis of the following key criteria:

i. **Partner eligibility and capacity**: eligible partners that have successfully completed the due diligence and capacity assessment processes can apply for funding;

ii. **Access**: accessibility and/or physical presence to areas of operation; the location of the project is clearly identified and relevant;

iii. **Strategic relevance**: clear link to HRP strategic and sectoral objectives, compliance with the terms of the allocation strategy as described in the allocation paper, and alignment of activities with thematic areas of the NHF;

iv. **Needs-based**: needs are well explained, documented, beneficiaries are clearly described;

v. **Principled**: projects must comply with the core principles of neutral, impartial and independent humanitarian action;

vi. **Appropriateness**: the proposed activities are appropriate to the identified needs;

vii. **Technical soundness and cost effectiveness**: the proposal meets all technical requirements for the implementation of the activities and the budget complies with NHF budgeting guidelines;

viii. **Risk management**: assumptions and risks are comprehensively and clearly addressed, and appropriate risk management measures are being deployed;

ix. **Monitoring**: an effective monitoring and reporting approach is being deployed.

**D2 Grant Duration**

31. Implementation of projects funded by the NHF shall not exceed twelve (12) months from the project start date as indicated in the Grant Agreement (GA). Reimbursement of project pre-financing is limited to the budgeted costs (of the approved project proposal) incurred in the interim period between the Project’s approved start date and the date of actual disbursement of funds to the recipient.

32. The HFU will liaise with the partner to determine the start date of the project. The agreed upon start date will be included in the grant agreement. The start date on the grant agreement can be as early as the signature date of the partner to accommodate expenditure eligibility. If the signature of the grant agreement occurs after the agreed upon start date in the proposal, the date of the signature of the grant agreement takes precedence.

33. If necessary, implementing partners may request revisions of the project in order to re-program and/or extend the duration of the grant.

**D3 Allocation Types and Workflows**

34. The NHF conducts two types of allocations. Standard and reserve allocations:

i. The **Standard Allocation** is the usual process through which the majority of NHF funds are disbursed. Funding permitting, at least two standard allocation processes are conducted during a calendar year.

ii. The **Reserve Allocation** is used for rapid disbursement of funds in the event of unforeseen emergencies based on acute humanitarian needs. It provides funds to specific humanitarian situations that require a timely response and in addition to standard allocations.
**Standard Allocation Strategy and Workflow**

35. The standard allocation process enables the HC to provide vital funds to the most urgent priorities identified in the HRP. Based on advice provided by the HC and AB, the NHF secretariat is developing an allocation strategy (paper) that defines the strategic intent of the allocation and a framework for proposal selection by the respective sectors. The allocation paper includes information on:

i. Total amount to be allocated;
ii. Humanitarian priorities (strategic, sector, and geographical);
iii. Criteria for project prioritization;
iv. Timeline of the allocation;
v. Applicable rules and regulations for the allocation.

36. An indicative workflow for a Standard Allocation is outlined in the matrix below. Key steps in the process typically include:

i. Partner/Sector consultation;
ii. Draft allocation strategy development;
iii. Endorsement by HC/AB;
iv. Submission of proposals;
v. Strategic review;
vi. Presentation to the HC/AB;
vii. Preliminary endorsement by HC;
viii. Technical and financial review;
ix. Final approval by the HC;
x. Disbursement of funds.

**NHF Indicative Workflow for a Standard Allocation Process**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Stakeholders Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Allocation Strategy Paper Development</td>
<td>Development and launch of allocation paper at the request of the HC, in consultation with humanitarian partners using existing coordination mechanisms.</td>
<td>HC, AB, NHF, Sector coordinators, Sector members, OCHA HQ/FCS</td>
</tr>
<tr>
<td>2. Submission of project proposals</td>
<td>Call for proposals, disseminated through sectors. Eligible partners prepare project proposals that address priorities identified in the allocation paper and submit online in the Grant Management System (GMS).</td>
<td>Partners, Sector coordinators</td>
</tr>
<tr>
<td>3. Preliminary Review</td>
<td>Preliminary review of submitted proposals for completeness (compliance with application template), eligibility of partner, and non-duplication of proposals.</td>
<td>NHF</td>
</tr>
<tr>
<td>4. Strategic review</td>
<td>Sector Strategic Review Committees (SRCs) review submitted proposals using scorecards in GMS focusing on: (i) strategic relevance, (ii)</td>
<td>SRCs, NHF</td>
</tr>
</tbody>
</table>
programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination mechanisms.

5. Preliminary endorsement by HC
SRC recommended projects presented to the HC and AB for review and pre-approval. The presentation summarizes the expected outcomes/results of the recommended projects including the link to the priorities outlined in the allocation paper for the HC’s and AB’s consideration and comparison to the initial Allocation Paper.

6. Technical and financial review
Sector Technical Review Committees (TRCs) review pre-approved projects to ensure (i) they meet technical sector and NHF requirements, and (ii) budget provisions are appropriate and feedback to partners. NHF and OCHA HQ/FCS conduct financial review. Partners revise and re-submit their proposals - maximum 3 times after which, if the project still does not meet quality standards, it is rejected. Technically sound and financially cleared projects are recommended to the HC for approval.

7. Final approval by HC
HC approves recommended projects, and signs Grant Agreements (GAs). Partners and OCHA FCS Finance counter-sign GAs.

8. Disbursement
Fund disbursed to partners as per NHF operational modalities.

A Standard Allocation process takes usually about 4 - 6 weeks

**Reserve Allocation Strategy and Workflow**

37. There are usually two funding ‘windows’ for Reserve Allocations, each with a distinct purpose:

   i. The ‘emergency response window’ enables the HC to address unanticipated and time-critical humanitarian needs, promoting early action and life-saving response to emergencies in order to prevent or reduce loss of life. This includes, needs resulting from unanticipated natural disasters, disease outbreaks and population displacement. In exceptional cases projects not previously included in the HRP may be considered for funding.

   ii. The ‘underfunded window’ enables the HC to respond to critical humanitarian needs that remain unaddressed. The window typically funds ongoing activities identified in the HRP that have emerged as top priorities, such as life-saving interventions but have not attracted sufficient funding from other donors/sources.

38. The Reserve Allocation process is designed to be faster than the one for Standard Allocations. Unless there are extraordinary circumstances, the HC consults with the AB on the activation of a Reserve Allocation. Consultation with the AB is done either through an extraordinary meeting convened specifically for the purpose, or by phone/email whenever a meeting is impractical for operational reasons. Email consultations for AB endorsements are conducted on a ‘no reply - no objections’ basis, typically within a 24-hour turn-around period.

39. Whenever a Reserve Allocation is activated under the ‘emergency response window’, only pre-selected and directly invited partners are eligible to apply for funding. Proposals are subject to a technical review by the NHF and the respective sector in order to ensure quality prior to final endorsement by the HC.

40. When a Reserve Allocation is activated under the ‘underfunded window’ all already eligible partners are able to apply for funding (competitive process). Proposals are subject to Technical Review by the NHF and the respective sectors in order to ensure their quality prior to final approval by the HC.
41. A Reserve Allocation can be activated for pre-selected projects and eligible partners (invitation based process). Proposals are subject to Technical Review by the NHF and the respective sectors in order to ensure their quality prior to final approval by the HC.

42. An indicative workflow for a Reserve Allocation is outlined in the matrix below. Procedures may vary in order to optimise the process in view of the particular circumstances under consideration. Key steps typically include:

   i. Allocation strategy development and announcement;
   ii. Submission of project proposal;
   iii. Strategic, technical and financial review;
   iv. Final approval by the HC
   v. Disbursement of funds.

**NHF Indicative Workflow for a Reserve Allocation Process**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Stakeholders Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Allocation Strategy Paper Development</td>
<td>Development and launch of allocation paper in consultation with humanitarian partners through email and/or other fast means of communication. Process will include definition, compilation and consolidation of sector priorities and requirements.</td>
<td>HC, AB, NHF, Sector coordinators and members OCHA HQ/FCS</td>
</tr>
<tr>
<td>2. Submission of project proposals</td>
<td>Call for proposal disseminated through sector co-leads. Pre-selected eligible partners prepare project proposals that address priorities identified in the allocation paper and submit online in the Grant Management System (GMS).</td>
<td>Partners, Sector coordinators</td>
</tr>
<tr>
<td>3. Strategic, technical and financial review</td>
<td>Sector Strategic Review Committees (SRCs) review submitted proposals using scorecards in GMS focusing on: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination mechanisms. Sector Technical Review Committees (TRCs) review SRCs recommended projects to ensure (i) they meet technical sector and NHF requirements, and (ii) budget provisions are appropriate and feedback to partners. NHF and OCHA HQ/FCS conduct financial review. Partners revise and re-submit their proposals - maximum 3 times after which, if the project still does not meet quality standards, it is rejected. Technically sound and financially cleared projects are recommended to the HC for approval.</td>
<td>SRCs, NHF, TRCs, HQ/FCS</td>
</tr>
<tr>
<td>4. Final approval by HC</td>
<td>HC approves recommended projects, and signs Grant Agreements (GAs). Partners and OCHA FCS Finance counter-sign GAs.</td>
<td>NHF, Partners, OCHA FCS Finance</td>
</tr>
<tr>
<td>5. Disbursement</td>
<td>Fund disbursed to partners as per NHF operational modalities.</td>
<td>OCHA FCS Partners</td>
</tr>
</tbody>
</table>

A Reserve Allocation process takes usually about 3 weeks
### Accountability

43. Accountability is an important foundation for effective fund management. It is exercised through a set of different components that enable the HC to ensure:

i. The NHF is achieving its main objectives and is managed responsibly in compliance with the respective policies and guidelines.

ii. Implementing partners are delivering the intended results. This means, partners are ultimately responsible for project activities, project outputs and for reporting accurately on their results.

44. The NHF accountability framework incorporates four interlinked pillars which include Risk Management, Capacity Assessment and Performance Review, Monitoring and Reporting, and Auditing.

#### E1 Risk Management

45. The management of NHF procedures follows a risk-based approach to ensure that potential risks are assessed and adequate modalities are implemented to mitigate these risks. It enables the HC, supported by the AB, to ensure strategic decision making and that the NHF remains relevant in the context in which it is operating.

46. The NHF Risk Analysis and Mitigation Matrix (see below) addresses risks and hazards that have been identified, their relative likelihood, potential impact of each on the achievement of NHF objectives and the proposed mitigation actions. The NHF reviews and updates the matrix periodically to reflect contextual changes which may have a bearing on risk, as well as the impact of mitigation measures.

#### NHF Risk Analysis and Mitigation Matrix

<table>
<thead>
<tr>
<th>Risk / Hazard Description</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Mitigation Strategy</th>
<th>Time-frame</th>
<th>Risk Owner Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Strategic Risks and Hazards</td>
<td></td>
<td></td>
<td><strong>Guidance, supervision and oversight provided to the Head of the NHF and NHF staff by OCHA FCS/HQ, OCHA HoO, HC, AB based also on HRP/Sector Strategies and Global</strong></td>
<td>Ongoing</td>
<td>HC / AB Head of Office HQ/FCS NHF</td>
</tr>
<tr>
<td>Lack of strategic guidance and supervision, impacting on technical and financial compliance of the NHF required to achieve annual priorities in-line with applicable policies and guidelines</td>
<td>Possible</td>
<td>Major</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Issue</td>
<td>Possible</td>
<td>Major</td>
<td>Ongoing</td>
<td>Responsible Party</td>
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<tr>
<td>Low quality needs analysis / assessments / consultations by the NHF, partners and other stakeholders during allocation prioritization and proposal preparation / submission.</td>
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<td>NHF</td>
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<tr>
<td>Unpredictability of new funding received from NHF donors.</td>
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<td>HC / AB Head of Office NHF HQ</td>
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<tr>
<td>Fluctuation and declining trend of donor contributions</td>
<td></td>
<td></td>
<td></td>
<td>HC / AB Head of Office NHF HQ</td>
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<tr>
<td>Weakness in coordination structures and lack of participation of sectors/partners needed to ensure transparency, inclusiveness and sound technical input during NHF processes.</td>
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<td></td>
<td>NHF</td>
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<tr>
<td>Unfavorable perception / reputation affecting NHF funding, decisions, strategies and partnerships. Inadequate knowledge of NHF guidelines/management procedures and administrative rules by partners and stakeholders.</td>
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<td></td>
<td>HC / AB Head of Office NHF</td>
<td></td>
</tr>
<tr>
<td>Guidelines (GG) for CBPFs. Annual audits (internal / external), training on new / revised policies and procedures.</td>
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<tr>
<td>NHF conducts comprehensive consultations with partners, interacts closely with OCHA Coordination units, complies with global guidelines. Partners / Sectors conduct comprehensive assessments, aligned with HRP / Sector strategies.</td>
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</tr>
<tr>
<td>Close cooperation with and active involvement of Donors in NHF processes. Advocacy and resource mobilization efforts at HQ and country-level. Pursue multi-year funding opportunities. Establish private-sector partnership portfolio.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Advocacy and resource mobilization efforts at HQ and country-level. Close cooperation with OCHA coordination, IM and PI. Establish private-sector partnerships. Advocacy through AB members.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support coordination through close cooperation with sectors and the coordination unit. Offer continuous training options. Participate / Attend respective working groups and fora. Proactive dissemination of NHF info to partners and stakeholders.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Close cooperation with and active involvement of donors, sectors, partners, stakeholders in NHF processes. Dissemination of NHF protocols and information through NHF website, social media, PI/IM products. Protocols for complaint / feedback management, proactive engagement / partnerships with key stakeholders. Strict adherence to global and country-level guidelines and policies of OCHA and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weak systems and frameworks i.e. operational modalities, accountability, risk management, monitoring and reporting.</td>
<td>Possible</td>
<td>Major</td>
<td>Implementation of all respective frameworks, policies as per requirements of the global guidelines. Establish country-specific frameworks as needed. Close cooperation with HQ/FCS in all aspects incl. regular HQ visits, trainings for NHF staff. Annual audits and HQ oversight missions as required.</td>
<td>Ongoing</td>
<td>HC / AB Head of Office HQ/FCS NHF</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>B) Operational Risks and Hazards</strong></td>
<td>Internal Risks and Hazards</td>
<td>Effective staff management and creation of a multi-functional staff team. Ensure minimum staffing level. Offer fixed-term contracts to replace TJO, ERR, ASP. Supportive and continuous learning environment. Adequate, balanced, safe and healthy work / living environment. Adhere to R&amp;R and AL rules. Cooperate with HR and staff welfare unit. Budget for/request surge support if needed. Conduct structured handovers and retain data.</td>
<td>Ongoing</td>
<td>Head of Office NHF HQ</td>
<td></td>
</tr>
<tr>
<td>Unpredictable / frequent staff turnover resulting in capacity / competency gaps.</td>
<td>Very Likely</td>
<td>Major</td>
<td>Implement and maintain respective ITMS policies and equipment (RAID backup, Cloud access, LAN). Staff training and awareness. Collaboration with IT unit.</td>
<td>Ongoing</td>
<td>NHF</td>
</tr>
<tr>
<td>Loss of information/data and/or unauthorized dissemination / access of confidential information / data.</td>
<td>Possible</td>
<td>Major</td>
<td>Implement and maintain respective ITMS policies and equipment. Dedicated VSAT access / bandwidth for NHF staff and partners (Cyber Café).</td>
<td>Ongoing</td>
<td>NHF</td>
</tr>
<tr>
<td>Loss of internet connectivity, impacting on GMS functionality and overall operations.</td>
<td>Possible</td>
<td>Major</td>
<td>Implement respective GMS policies. Verify user requests, conduct reviews to keep access groups/user lists up-to-date.</td>
<td>Ongoing</td>
<td>NHF</td>
</tr>
<tr>
<td>Unauthorized access to GMS and confidential information.</td>
<td>Possible</td>
<td>Major</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate number of suitable / eligible partners particularly in hard-to-reach locations affected by armed conflict / insecurity.</td>
<td>Very Likely</td>
<td>Major</td>
<td>Proactive engagement with HC / AB, partners, stakeholders, fora and donors as to if / how NHF systems and protocols can be adapted, thereby further enable partners to / that operate in such contexts.</td>
<td>Ongoing</td>
<td>NHF Partners</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Mobility restrictions in parts of NE Nigeria affecting NHF monitoring and reporting efforts.</td>
<td>Very Likely</td>
<td>Moderate</td>
<td>Close monitoring of the context with coordination / CivMil / Access and selection of context appropriate monitoring tools, such as third-party, peer-review and remote call monitoring as needed.</td>
<td>Ongoing</td>
<td>NHF</td>
</tr>
<tr>
<td>Low administrative, technical and project management capacity of partners, failing to meet required standards and use required tools and systems (i.e. GMS)</td>
<td>Very Likely</td>
<td>Major</td>
<td>Activities such as trainings, clinics and workshops designed to improve partner capacity. Collaboration with and support (in-kind) of capacity development activities of stakeholders.</td>
<td>Ongoing</td>
<td>NHF Partners</td>
</tr>
<tr>
<td>Fraud / Corruption / Diversion / Theft incidents in NHF (co-) funded projects.</td>
<td>Very Likely</td>
<td>Major</td>
<td>Implement and contextualize fraud and corruption prevention and response policies, guidelines and protocols based on global guidelines and best practice. Implement robust and context appropriate monitoring framework. Close cooperation with HQ, partners, stakeholders and donors to enable early detection. Verification of internal prevention and control mechanisms of partners.</td>
<td>Ongoing</td>
<td>NHF Partners</td>
</tr>
<tr>
<td>Selection / Sub-Contracting of NSA / AOG affiliated partners / suppliers.</td>
<td>Possible</td>
<td>Major</td>
<td>Implement and contextualize respective policies, guidelines and protocols based on global guidelines. Check partners/suppliers against respective blacklists. Implement robust and context appropriate monitoring framework. Adhere to eligibility and audit policies.</td>
<td>Ongoing</td>
<td>NHF Partners</td>
</tr>
</tbody>
</table>

### C) Safety and Security Risks and Hazards

| Non-compliance with preventative measures, static / non-static safety and security protocols and use of safety / security equipment. | Possible | Major | Implementation of preventative measures, static / non-static safety and security protocols and equipment. Training and | Ongoing | NHF OCHA |

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United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
Nigeria Humanitarian Fund | www.unocha.org/nhf
### External Risks and Hazards

| Risks / Hazards to safety and security of staff and assets due to targeted / non-targeted attacks, kidnapping, ambush, banditry, looting, intimidation, threats, physical violence, corruption. | Very Likely | Major | Continuous monitoring / analysis of the context in collaboration with Coordination, CivMil, Access, UNDSS, partners and stakeholders. Implementation of preventative measures, static / non-static safety and security protocols and equipment. Training and awareness of staff in prevention, mitigation and response. Full compliance with all respective safety / security protocols of OCHA and UNDSS. Safety First approach at all levels. | Ongoing | NHF OCHA |
| Environmental Hazards / Risks including disease outbreaks impacting on staff health and safety. | Very Likely | Major | Implementation of preventative measures, static / non-static safety / health protocols and equipment. Training and awareness of staff in response. Full compliance with all respective protocols and advice given by OCHA and UNDSS. Safety First approach at all levels. | Ongoing | NHF OCHA |

**Descriptors for Likelihood of Risks and Hazards:**
1. **Rare** (highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will),
2. **Unlikely** (not expected, but there’s a slight possibility it may occur at some time),
3. **Possible** (the event might occur at some time i.e. there is a history of casual occurrence),
4. **Likely** (there is a strong possibility the event will occur and there is a history of frequent occurrence),
5. **Very Likely** The event is expected to occur in most circumstances as there is a history of regular occurrence).

### E2 Risk-based Grant Management

#### Capacity Assessment

47. Analysing risks before and during the disbursement of funds to partners is an essential component of the NHF. In order to become eligible for funding, NGOs must undergo an internal capacity assessment (ICA). The objective of the assessment is to systematically review the institutional, technical, management and financial capacities of the partner and to ensure that the Fund has the necessary information to make informed decisions.
48. The ICA includes a desk-based review of the documents provided by the implementing partner and may include interviews with the organization’s staff members, where possible visits to the implementing partner’s offices, spot checks and interviews including with key informants such as previous/existing donors and partners, as well as sector leads and members.

49. If conducting an ICA is not possible due to extenuating circumstances such as security concerns or lack of access, then Externally-contracted Capacity Assessment or Proxy Capacity Assessment as described in Global Operational Handbook for CBPFs will be considered.

50. Based on the score obtained during the capacity assessment, eligible partners are categorized into three risk-levels (low, medium and high). The capacity assessment scoring with threshold and risk levels applicable to the NHF are shown below.

<table>
<thead>
<tr>
<th>Organization Score (in percentage)</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>91 - 100</td>
<td>Organization is eligible as a Low Risk partner.</td>
</tr>
<tr>
<td>71 - 90</td>
<td>Organization is eligible as a Medium Risk partner.</td>
</tr>
<tr>
<td>31 - 70</td>
<td>Organization is eligible as a High Risk partner.</td>
</tr>
<tr>
<td>0 – 30</td>
<td>Organization is not eligible. A new submission for capacity assessment can be considered by the NHF six (6) months after the initial review date.</td>
</tr>
</tbody>
</table>

51. In accordance with the NHF Operational Modalities shown in the matrix below, the risk level is used to pre-determine aspects of management and administration of any new grant provided to a partner. Quality assurance mechanisms that are being used to manage grants vary depending on three factors:

i. Partner risk level
ii. Value of the project
iii. Duration of the project

NHF Operational Modalities Matrix

<table>
<thead>
<tr>
<th>Risk level</th>
<th>Project duration (months)</th>
<th>Project value ('000 USD)</th>
<th>Maximum amount per project ('000 USD)</th>
<th>Disbursements (in % of total)</th>
<th>Financial reporting</th>
<th>Narrative reporting</th>
<th>Monitoring</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For disbursements</td>
<td>31-Jan</td>
<td>Final</td>
<td>Progress</td>
</tr>
<tr>
<td>High</td>
<td>&lt; 7</td>
<td>&lt; 250</td>
<td>-</td>
<td>60-40</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>1 mid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>500</td>
<td>50-50</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>1 mid</td>
</tr>
<tr>
<td></td>
<td>7 – 12</td>
<td>&lt; 250</td>
<td>40-40-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>800</td>
<td>40-30-30</td>
<td>Yes</td>
<td>Yes</td>
<td>2 - 3*</td>
<td>Yes</td>
</tr>
<tr>
<td>Medium</td>
<td>&lt; 7</td>
<td>&lt; 250</td>
<td>-</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
<td>1 mid</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>700</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>1 mid</td>
<td>Yes</td>
</tr>
</tbody>
</table>
52. Once a partner has received NHF grants, all related data is analysed to establish an up-to-date risk rating through the partner performance assessment (see Performance Management and Partner Performance Index below).

53. In compliance with the global guidelines for CBPFs, the assurance and control mechanisms include for example, and depending on risk levels:

   i. **Disbursements**: The implementing partner receives a first instalment at the beginning of the project and is entitled to request the next disbursement(s) after submission of a financial statement.

   ii. **Fund ceiling**: The maximum amount a partner can receive per project.

   iii. **Financial reporting**: All partners have to submit a financial report by the dates specified in the Grant Agreement and submit a final financial report within two months after the end of the project.

   iv. **Audits**: partners will be audited according to an audit plan specific to their grants.

   v. **Narrative reporting**: The type of report (progress, final) and their schedule is determined based on the risk level of the partner, the duration, and the size of the project.

   vi. **Monitoring**: monitoring plan and its frequency is determined based on the risk level of the partner, the length, and the grant size of each project.

   vii. **Financial Spot Checks**: These checks assess the soundness of internal controls and the accuracy of the financial records of partners.

**Performance Management and Partner Performance Index (PPI)**

54. Performance of the partner during the implementation on NHF funded projects is being used alongside the original capacity assessment in order to determine and adjust risk levels.

55. The NHF is tracking and assessing the performance of all partners throughout project implementation, and in relation to:

   i. quality and timeliness of submissions of project documents (proposals, budgets, concept notes);

   ii. project implementation against agreed targets;

   iii. quality and timeliness of narrative reporting;

   iv. frequency, timeliness and justification of project revision requests;

   v. quality and timeliness of project and financial management.

* 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.

*** Additional monitoring activities at the discretion of the Head of the NHF.
56. The assessment of these factors is recorded in the NHF Partner Performance Index (PPI). Whenever the implementing partner has undertaken more than one project, the PPI will take into account and combine the performance results of each of the projects.

57. The PPI rating determines the continuing eligibility of the partner to receive NHF funding in future. Whenever a partner is declared ineligible, the organisation may request a new capacity assessment after six months.

58. The PPI is also used to influence the prioritisation and selection of projects for funding during any given allocation. The intention is to incentivise good performance, with better performing partners more likely to receive new funding, while reducing the risk of allocating funds to partners that underachieve.

E3 Monitoring

Definition of Monitoring in the context of NHF funded projects

59. Monitoring is defined as the systematic and regular process of collecting, verifying and triangulating information to assess any progress made against project outputs and activities; bearing in mind also accountability to affected populations and donors. Information gathered is used to make informed decisions and also to strengthen partnership and humanitarian coordination.

60. A sample of projects are subject to monitoring visits from the NHF, in line with the NHF Operational Modalities. Following each allocation, NHF will prepare a monitoring plan based on the risk level of the partner, the length, and the grant size of each project. The type of monitoring will also be determined such as field site, remote call or third party depending on the context.

61. All implementing partners are contractually required to implement internal mechanisms needed for the implementation of projects funded by the NHF, including monitoring and reporting of both programmatic and financial aspects.

62. Organizations that implement activities funded by the NHF are required to address the five Commitments to Accountability to Affected Populations (CAAP) of the IASC (Leadership/Governance, Transparency, Feedback/Complaints, Participation, Design Monitoring and Evaluation). At the project proposal stage, implementing partners are required to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. NHF reporting and monitoring procedures verify how this has been applied in project implementation.

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

64. Gender equality perspectives, including the Gender Marker code, are part of the assessment criteria used by Strategic Review Committees during project appraisal. NHF CBPF monitoring further assesses the extent to which gender considerations have been made as part of project implementation.

65. Strategic Review Committees should benefit of a Gender Advisor support or available gender expertise, if possible, to ensure that gender analysis forms the core of the needs identification and that the Gender Marker
is accurately assessed. Partners are ultimately responsible for ensuring that gender considerations are operationalized in project activities, and that there is adequate capacity to address gender issues during the life of the project and that the implementation of the Gender Marker is accurately reported on.

Monitoring Objectives

66. A main purpose of monitoring is to assess progress and the verify reports submitted by partners based on the following key objectives:

i. Verify partner progress in delivering of project outputs and activities (as per logical framework and work plan), the beneficiary targeting process, the use of resources (as per budget) and internal monitoring and reporting systems.

ii. Triangulate information collected through other means, identify gaps and trends in humanitarian operations and reflect on best practices and lessons learned using findings and recommendations for results management, risk mitigation and public information.

iii. Strengthen partnership and coordination between OCHA, the partner and the local authorities, and to engage and seek feedback from affected communities.

Roles and Responsibilities

67. The HC is responsible for ensuring that NHF-funded projects are effectively monitored through appropriate monitoring modalities.

68. The NHF is responsible for conducting project monitoring visits and works closely with the sectors, as well as OCHA’s Field Coordination Unit.

69. Following each allocation round the NHF will develop a monitoring plan, identifying a sample of funded projects to be monitored, the monitoring methods to be used, and an indicative schedule. The monitoring plan may be adjusted depending on changes in the operational context and information gathered through reporting. The following are aspects are key responsibilities of the NHF in this regard:

i. Develop and maintain a monitoring plan that meets the requirements of the NHF Operational Modalities.

ii. Work with Sector Co-leads and OCHA Field Coordination Unit to ensure that NHF monitoring is part of, and undertaken in close coordination with other relevant activities.

iii. Undertake monitoring missions in line with the monitoring plan in coordination with OCHA Nigeria sub-offices.

iv. Systematically review and analyse information collected through monitoring and reporting activities.

Process and Monitoring Tools

70. In addition to partners’ project management systems, NHF monitoring tools provide an additional level of verification of project results. Partners declare the tools they intend to use for the NHF funded project in their project proposal.

71. The NHF uses a variety of monitoring tools, depending on the context, including the ones outlined below.

72. Field site monitoring - Field site monitoring, implemented by the NHF and supported by sectors, is a critical component of the overall framework to verify that NHF-funded projects are delivering against planned outputs,
allowing the HC and sectors to assess the qualitative aspects of programme implementation. As there are sometimes limitations to what can be observed through site visits, additional information is collected through additional means and appropriate approaches that cover issues beyond the delivery of project outputs are being incorporated. Field monitoring visits, at a minimum, collect information that: (i) assesses the timeliness of the overall project implementation, (ii) verify reported results, and (iii) assesses progress on key project activities.

73. **Financial Spot Check** - Financial spot checks are conducted to assess the soundness of the internal controls and the accuracy of the financial records provided by the partner. On-site financial spot checks by NHF staff and special audits by audit firms are conducted on the basis of NHF Operational Modalities, or when warranted due to concerns.

74. **Third Party Monitoring** - Third party monitoring will be considered when access to the project location is limited particularly in high risk areas. This approach enables the NHF to obtain independently verified information about the status of NHF projects, with particular emphasis on the achievement of project outputs. The approach combines field visits and desk reviews of available documentation (e.g. project proposals and any other relevant information/documentation).

75. **Remote Call Monitoring** - Remote call monitoring occurs in instances when it is not feasible to conduct physical project visits, particularly for projects being implemented in insecure and highly volatile environments with restricted access. It aims at collecting statistics and recording observations from key informants and beneficiaries on progress made and satisfaction. Call centres can be established in safe locations with the purpose of conducting telephone interviews by using structured multiple-choice questionnaires. All information collected can be captured directly in a web-based platform hosted by the call centre operator using validation logic, thereby providing real-time progress information on projects. Remote call monitoring will only be used as a last resort in cases where there are no other options. Remote call monitoring needs to be approved by the HC.

76. Stakeholder satisfaction surveys are conducted particularly for projects such as pipeline and common services projects.

### E4 Reporting

**Partner Reporting**

77. The NHF requires narrative and financial reporting to ensure that activities carried out are on track and achieve the project objectives. Frequency of reporting is determined by the NHF Operational Modalities and is stipulated in the grant agreement. The reports are collected through the GMS.

<table>
<thead>
<tr>
<th>Progress Narrative report</th>
<th>Final narrative report</th>
<th>Interim financial statement</th>
<th>Final financial report</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NGOs and Red Cross/Red Crescent Organizations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>According to NHF Operational Modalities</td>
<td>Within 2 months of completion of the project</td>
<td>To be submitted to NHF to release the disbursement of the next instalment at any time once 70% of the previous instalment has been spent.</td>
<td>Within 2 months of completion of the project.</td>
</tr>
</tbody>
</table>
78. The reporting timelines for each project is configured in the GMS and partners receive automated system notifications before reports are due.

79. To enable aggregation of project outputs, the NHF is using standard sector output indicators for all grants and as provided by Sector Co-leads.

Reporting by the NHF

80. The NHF uses the common performance framework (CPF) for CBPFs to measure its performance. The CPF is a management tool that provides a set of indicators to assess how well a Fund performs in relation to the policy objectives and operational standards set out in the CBPF Global Guidelines and in the NHF Operational Manual. The CPF includes a set of 20 performance indicators to assess the funds’ overall ability to deliver their overarching objectives in line with five principles (areas): inclusiveness, flexibility, timeliness, efficiency, and accountability and risk management. In the first quarter of each year, the NHF will discuss the indicators with the AB and set the targets/benchmark and definitions of score ranges based on its context. Prior to finalizing its Annual Report, the NHF will present the results and the draft Annual Report to the AB and qualify the indicator’s result (critical, below normal, normal, above normal, or exceeding vis-à-vis the context). The final results then will be published in the NHF’s Annual Report.

81. The HC, supported by NHF and in close consultation with the Sector Coordinators, will prepare a narrative Annual Report on performance the fund. The report summarizes (i) how the NHF has performed in relation to its strategic objectives (including links with HRP, strengthening of HC, promoting partnership with NGOs and strengthening of coordination system); (ii) describe how funding has been allocated in relation to key humanitarian events, timeliness and transparency, and gender considerations; (ii) synthesize achievements by sector; (iii) highlight risk management initiatives including monitoring and reporting; (iv) present challenges and (v) main priorities for next year.

82. The NHF produces periodic and allocation specific dashboards to highlighting donor contributions, beneficiaries targeted and reached, as well as other relevant information.

83. Annual reports and dashboards are made available on the Fund’s website (www.unocha.org/nhf) and hard copies are shared with stakeholders.

84. Donors and member states should respect the single reporting principle to avoid duplication of efforts, minimise disruption and avoid additional costs to all parties.

E5 Audit

85. UN agencies are subject to internal oversight audit systems and other mechanisms established by their respective governing bodies.
86. NGO partners receiving funds from NHF are subject to external audits as per their individual grant agreements.

87. External audits are an oversight mechanism and essential component of the accountability framework. They enhance transparency and enable sound financial management and control of resources allocated to partners. More information on audit process, including the timeline for performing audits, is available in the audit process (described under section F5) and project closure (described under section F4).

88. In particular, external audits help to mitigate financial risks; including misuse of resources and fraud; identify weaknesses in financial and operational management, recommend critical improvements and identify ineligible expenditures. External audit findings provide essential feedback to the partner, promoting continuous improvement of financial and operational management and performance.

89. Internal oversight bodies (OIOS - Office of Internal Oversight Services and the BOA - Board of Auditors) audit OCHA and NHF operations annually. Audits performed by these entities are subject to the single audit principle. The BOA, comprising Auditors-Generals of three Member States, provides external audit services for the United Nations and its funds and programmes with the exception of the World Food Programme (WFP), which has its own external auditor.

90. In line with the single audit principle, NHF donors and member states should not carry out additional audits and avoid duplication of efforts, minimize disruption, costs to all parties and conflicting recommendations that could impact negatively on NHF operations.

E6 Complaints Mechanism

91. Stakeholders concerns or complaints regarding the NHF processes or decisions can be addressed to the OCHA Head of Office (ocha-nga_hfucomplaints@un.org). Complaints are compiled, reviewed and raised with the HC for decision making. The HC informs the AB of complaints and any actions taken. The NHF will respond to all complainants within 24hrs, clearly stating the next steps that will be taken i.e. further information requested or complaint referred to HC for decision making.

E7 Compliance Measures

92. Compliance control measures enable the NHF and the HC to address any non-compliance with the legal terms agreed between the fund and the recipient organization, such as:

   i. Overdue financial or narrative reports;
   ii. Refund of unspent funds;
   iii. Critical (high risk) audit findings/qualified audit opinion (especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents, lack of authentic receipts);
   iv. Critical findings from monitoring and financial spot checks;
   v. Violation of humanitarian principles and code of conduct⁴;
   vi. Fraud, corruption or misuse of funds.

93. Whenever a partner does not comply with the requirements described in this operational manual and reflected in the contractual agreement, or violates any other obligations stemming from the contractual agreement, the

NHF is taking corrective actions commonly referred to as compliance measures (Annex 4: Compliance Measures for Country-based Pooled Funds).

94. The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework, or in relevant contractual agreements, the HC will take actions to address non-compliance. Further actions will be pursued, as and when deemed appropriate by OCHA.

95. OCHA HQ (Chief of FCS) will be informed immediately by the NHF whenever there is a credible indication of possible fraud, corruption or misuse of funds related to CBPF projects. Individual cases are reported to determine whether an investigation process is warranted. The CBPF Report Form on Suspected Fraudulent Acts by IPs is used to document the facts of the case. 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.

96. OCHA Standard Operating Procedure (SOP) on Suspected Fraud and Misuse of Funds describe the successive steps that OCHA will take in the event of an investigation into an implementing partner contracted under a CBPF. Information sharing and communication is handled on a confidential basis.

97. Other incidents: Incidents during the project cycle that affect a partners’ ability to account for the use of funds or goods, must be reported to the Head of the NHF in writing as soon as they occur. An Incident Report and supporting documents must be submitted by the NHF to OCHA HQ/FCS within 30 days. 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 must be reported to the Funds’ Advisory Board at a minimum on a six months basis.

F Administrative Aspects

F1 Budget Preparation Principles

98. The NHF budget guidelines (detailed in Annex 5: NHF Budgeting Guidelines) provide partners with a common framework designed to enable appropriate preparation of project budgets. The guidelines focus on defining eligible and ineligible costs, direct and indirect costs, shared costs, budget categories and the adequate breakdown of budget lines. These guidelines apply to all partners.

99. A clear segregation of duties underpins the preparation, review and clearance of the project budget to ensure central and internal controls to reduce the risk of approving erroneous or inappropriate project budgets (e.g. miscalculations, inconsistency, and lack of transparency or admission of ineligible costs). In this regard, the Head of the NHF and Humanitarian Financing Unit, OCHA certifying finance officers at headquarters, and partners have specific roles and responsibilities:

100. The Head of the NHF is responsible to ensure that:

v. 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.
vi. The cost estimates are reasonable in the specific context where the project will be implemented so that funding will be used in the most efficient way.

101. The role of OCHA certifying finance officers in headquarters is to:

   i. Verify the budget’s factual correctness, checking coherence with the project proposal and logical framework.
   ii. Flag concerns and seek clarification from the Head of the NHF on issues that may compromise compliance with UN rules and affect financial transparency and accountability.

102. In the budgeting process, partners are expected to:

   i. Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project.
   ii. Use and comply with the budget template and guidance provided by NHF for the classification and itemization of planned costs.
   iii. Provide a budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of every budget line. For example, shared costs, expensive assets, and costs/equipment required to support the regular operation of the partner, are clear cases that require a budget narrative.

F2 Eligible and Ineligible Costs

103. The following attributes define the nature of eligible costs:

   i. Must be necessary and reasonable for the delivery of the objectives of the project.
   ii. Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
   iii. Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.

104. The following costs are ineligible:

   i. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
   ii. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
   iii. Debts and provisions for possible future losses or debts.
   iv. Interest owed by the implementing partner to any third party.
   v. Items already financed from other sources.
   vi. Purchases of land or buildings.
   viii. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.
   ix. Government staff salaries.
   x. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).
   xi. Incentives, mark-ups, gifts to staff.
   xii. Fines and penalties.
   xiii. Duties, charges, taxes (including VAT) recoverable by the implementing partner.

xv. Audit fees/system audit fees – these costs are paid directly by the fund for NGO and Red Cross/Red Crescent projects.

### F3 Guideline on requesting project changes

105. Changes to a project may be required due to various reasons and may have different consequences for the project’s scope, duration and budget. Variations of all forms must be brought to the attention of the Head of the NHF, who in consultation with Sector Co-leads will assess whether the proposed changes need formal authorization, whether an amendment to the initial grant agreement is necessary, or whether the breadth of the proposed changes is such that the project needs to be terminated.

**Deadline for submission of a request to revise a project**

106. Project revision requests, whether for no-cost extension, budget modification or any other change, need to be submitted to the Head of the NHF at least four weeks prior to the end of the project. Late submissions will not be considered.

107. A project revision request needs to clearly explain why the grant agreement should be amended and indicate the current operational status of the project. A financial statement detailing expenditures incurred to date needs to be submitted.

108. Depending on the nature of the revision, relevant GMS workflows will be activated by the Head of the NHF allowing partners to formally request the required amendment.

109. The HC will respond to the implementing partner in writing, accepting, modifying or rejecting the request. If a request is accepted by the HC, the amendment becomes an integral part of the initial grant agreement and must be approved by OCHA HQ before being issued to the partner.

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

   i. Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category;
   ii. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category;
   iii. Change in duration of the project (i.e. No-Cost Extensions);
   iv. Change of partner banking information relevant to the project;
   v. Any other changes that have financial or legal implications and that are part of the Grant Agreement.

111. The following changes do not require a Grant Agreement Amendment and will be approved in GMS through the ‘approval without GA amendment’ feature by the Head of the NHF.

   i. Change in project location, unless the entire project area has been changed;
   ii. Change in number of beneficiaries, unless it changes the nature of the project;
   iii. Change in approved project activity, unless it changes the project objective and key result.

112. Significant Deviations from the original project objectives, including extensive changes in the geographic location of the project, the target population, or the scope of project activities will be, on case-by-case basis, referred by the Head of the NHF to the HC.

**No-Cost Extensions (NCEs)**
113. 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.

114. The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project’s budget (without exceeding the approved total amount) or activities. To extend the duration, an amendment to the original agreement must be signed by all parties to the contract.

**Budget Modifications**

115. Under no circumstances can budget revisions increase the initially approved total budget (cost extensions).

116. There are three types of potentially acceptable budget revisions a partner might request:
   i. Budget revision not exceeding 15 per cent of the approved budget per budget category;
   ii. Budget revision exceeding 15 per cent of the approved budget per budget category;
   iii. Addition of a new budget line

117. A budget revision not exceeding 15 per cent of the approved budget category requires approval by the Head of the NHF, but not formal authorization by the HC.
   i. Cost re-deployments to budget categories not exceeding 15 per cent of the originally approved budget category are usually acceptable for all budget categories except the “Staff and other Personnel Costs” category. Any variation in “Staff and other Personnel Costs” should be approved in writing by the Head of the NHF and OCHA HQ. Any re-deployment must be done against existing budget lines.
   ii. Budget variations of this type are usually acceptable as long as the activities retain the same scope and nature of the original grant.

118. Cost redeployments to budget categories exceeding 15 per cent of the budget amount per category require HC authorization.
   i. After prior consultation with the Head of the NHF, the implementing partner submits a formal request through the Head of the NHF to the HC.
   ii. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the implementing partner needs to submit a revised logical framework.
   iii. 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).

119. Addition of a new budget line within a category, even if it has no impact on the total amount of the category, requires prior written consent of the Head of the NHF and OCHA HQ.

120. Budget line variations within the same category, not affecting the total value of the category, are acceptable if approved by the Head of the NHF.

**Interest Income Earned on Project Funds**

121. Any financial interest income earned on project funds must be declared in the appropriate financial statements and reports.

122. Interest income up to $10,000 may be used in line with previously approved project budget and activities, with prior approval by the Head of the NHF and OCHA HQ.
Project Closure

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

i. Final narrative report received and cleared by the Head of the NHF. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The Head of the NHF has up to one calendar month from receipt to review and clear the final narrative report.

ii. Partners submitted the final financial report (including an inventory of assets purchased under the grant with purchase value over $10,000 per asset) within two calendar months after the end of the project implementation (including NCEs). Once the final financial report has been received, it will be pre-cleared by the Head of the NHF and OCHA HQ/FCS (within one month).

iii. After clearance of the final financial report, projects have been audited within two months.

iv. NHF and OCHA-FCS reviewed and close the project within two months from receipt of the audit report.

v. Following the closure of a project and its audit (when applicable), partners are notified by the Head of the NHF about the exact amount to be refunded (if any). Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures outlined in the Annex 4 (Compliance Measures). Proof of payment needs to be received and acknowledged by OCHA-FCS.

124. The NHF reserves the right conduct additional audits with NGO partners. The NHF may also request the reimbursement of unspent or qualified expenditures. Upon written notification from the NHF, the implementing partner shall refund the requested amount within one calendar month.

F4 Audit Process

125. Audit will be conducted according to the Global Operational Handbook for CBPFs.

126. External audits are an oversight mechanism and an essential component of the accountability framework. It enhances the transparency and sound financial management of resources allocated by the NHF.

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

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

Project Audits for UN Organizations

129. Participating UN Organisations will be audited in accordance with their own financial rules and regulations and the framework for auditing multi-donor trust funds subject to single audit principle (as agreed to by the Internal Audit Services of Participating UN Organisations and endorsed by the UN Development Group (UNDG) in September 2007).

130. The Board of Auditors (BoA), comprising Auditors-Generals of three Member States, provides external audit services for the United Nations and its funds and programmes with the exception of the World Food Programme (WFP) which has its own external auditor.
**Project Audits for NGOs**

131. NGO implemented projects will be audited in compliance with applicable financial regulations, rules and directives as per the NHF Grant Agreements. The costs of such an exercise will be borne by NHF as a direct cost to the fund. One or several external auditing companies will be contracted by OCHA to deliver on the financial and operational audit requirements of NGO partners. The audit process will be as follow:

i. Once the final financial report is cleared by OCHA FCS Finance in New York, the partner receives a notification on GMS about the audit triggering.

ii. The Head NHF informs the partner by email about the start of the audit.

iii. The auditors will get in touch with partner to agree on field visit to the partner’s office and then share the final plan with NHF.

iv. After the conduct of the audit, the auditor shares the draft report with partner for soliciting their management response. If there is a critical finding, the auditors should immediately inform NHF for further advice prior to get back to partner. The partner has one week to provide the management response to auditors.

v. After receiving feedback from the partner, the auditors share the final draft report with NHF to review.

vi. Once the report is reviewed/finalized by NHF, the auditors issue the final signed audit report both to the partner and NHF.

vii. NHF upload the report on GMS for FCS Finance clearance.

viii. After FCS Finance clearance of the report and processing of refund or disbursement, the project will be closed by NHF.

132. The NHF will keep a log of all audit findings that may expose OCHA to high risks also in order to ensure that partners address previous findings on management weaknesses before applying for new funding. The audit performance will feed into the Performance Index of an implementing partner which will impact the risk level of the partner.

133. In case there are reasonable concerns about the implementation of a project, the Head of the NHF may recommend to the HC to trigger a specific audit processes.
G  ANNEXES

Annex 1: NHF Advisory Board Terms of Reference
Annex 2: NHF Guidance Note for Strategic Review Committees
Annex 3: NHF Partners Eligibility and Capacity Assessment Guidance
Annex 4: Compliance Measures for Country-Based Pooled Funds
Annex 5: NHF Budgeting Guideline
Annex 6: NHF Internal Capacity Checklist

H  Additional Information

Additional policies, guidelines and standard-operating procedures are available at: www.unocha.org/nhf

I  Contact Information

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**J Review date**

This NHF Operational Manual is reviewed annually. The most current version is available at: www.unocha.org/nhf
The Nigeria Humanitarian Fund (NHF) is a financing mechanism under the overall authority of the HC, supported by an Advisory Board and a Humanitarian Financing Unit (HFU), which allows donor contributions to be allocated to projects within an agreed coordination, monitoring and reporting framework.

Based in Abuja, the NHF’s Advisory Board (AB) will represent the views of the donors, the UN and the NGO community (as representative members of the HCT) and provide guidance and advice to the HC on strategic and policy issues. The AB will also provide a forum for representatives and the HC to discuss allocation strategies, funding gaps and donor mobilization and share information on general issues which could affect the NHF’s correct functioning. Representation is at the senior-most country representative level. Equal gender representation should be maintained at all times.

The Advisory Board is guided and works within the terms and guidelines of the NHF Operational Manual. The Operational Manual is reviewed in the first meeting of the AB as prepared by OCHA under the leadership of the HC.

Objectives
1. Support principled, prioritised lifesaving assistance
2. Strengthen coordination and leadership through the function of the Humanitarian Coordinator and the Sector coordination system, promoting synergies and multi-sectoral approaches
3. Expand assistance to hard-to-reach areas through front line responders and enabling activities
4. Leverage the Nigerian private sector in support of humanitarian response

Membership
- Humanitarian Coordinator (Chairperson, non-rotating)
- Deputy Humanitarian Coordinator (vice-Chairperson, non-rotating)
- OCHA Head of Office (member, non-rotating)
- 3 donor reps. (contributing donors, rotating)
- 3 participating UN Agency representatives. (Sector lead agencies, rotating)
- 3 NGO representatives (1 NGO minimum, rotating)
- 2 Observers from non-contributing donors (non-rotating)

Secretariat services for the AB are provided by OCHA’s Humanitarian Financing Unit.

Observers may contribute to discussions at AB meeting but may not contribute to discussions when the AB is sitting for presentations by clusters on projects recommended for funding. They can provide feedback to the AB in relation to procedural/due process issues. UN agencies, contributing donors and NGOs all select representatives as AB members. Board members attend the meeting in their individual capacity and are not to represent their organizations or constituencies (NGO, UN, donor, etc.), but serve as technical or strategic experts from their constituencies or stakeholder groups. Board members commit to attend all AB meetings, to provide comments by email or on online platforms when required, and should be authorised by their constituents to make decisions during AB meetings.

Specific Responsibilities of the Advisory Board
1. Advise the HC on the strategic focus of the NHF; work with the HC to ensure that the objectives of the NHF are met by reviewing allocation strategies to ensure they are in line with set objectives.
2. Analyse risks that may affect the achievement of set objectives and advise the HC on risk mitigation strategies; endorse Accountability Framework as part of the Operational Manual and review as required.
3. Advise the HC on the transparency and equitability of the overall allocation process; review systems with the objective of ensuring that the management of the Fund is consistent with global guidelines.
4. Participate during development of the Allocation Strategies, at presentations for project recommendations, and any other stage as may be required by the HC. AB member(s) may, if they wish, attend project strategic or technical review committees as observer(s).
5. Ensure accuracy of NHF information products: The AB will review NHF Annual Reports and other information products to ensure they are concise and accurate.
6. As required, and in consultation with OCHA’s Funding Coordination Section (FCS), request from the HC that reviews are undertaken of specifics aspects of the NHF’s performance.

7. Hold, at minimum, quarterly meetings including an *Annual General Meeting* in the last quarter of the year in which overall strategic issues will be discussed and decided, policy considered, and donor pledges sought.

**Continuity**

AB members will decide on the continuity of membership (duration of membership of representatives). Generally, members are expected to commit to one year’s membership, with continuity of membership to be discussed in the fourth quarter of each year at the *Annual General Meeting*. 
Strategic Review of Projects

This step of the process aims at identifying and prioritizing project proposals or concept notes considered best suited to address the needs identified in the allocation paper.

The pre-selection of projects is intended to stimulate efficiency and allow for a rapid process that correctly targets identified needs. The strategic review stage applies to all standard allocations regardless of whether the submission of concept notes or full proposals was requested.

The review committee is responsible for the strategic review and selection of a shortlist of concept notes. Strategic review is carried out on the basis of criteria outlined in a prioritization matrix (scorecard), to be agreed before issuing the allocation paper.

The NHF applies a standard prioritization matrix with scoring in each of the following key areas:

1. Strategic Relevance,
2. Programmatic Relevance
3. Management, Monitoring & Evaluation
4. Engagement with Peers and Humanitarian Coordination Mechanisms
5. Cost Effectiveness and Value for Money

Specific criteria for each section will be agreed upon by Sectors and the NHF. The same set of categories will be applied by all sectors. The specific criteria are revised by sectors before each allocation.

Review Committees (Strategic and Technical)

NHF allocations pass through two types of project review:

1) a strategic review of project proposals in relation to the Allocation Paper determined by the Humanitarian Coordinator (HC) and the NHF Advisory Board (AB) or in relation to the fund scope and objectives as outlined in the NHF Operational Manual.

2) a technical review which assesses the technical soundness and quality of project proposals.

The strategic and technical reviews are discharged by respective review committees operating separately by Sectors.

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1 Global Guidelines for CBPFs, Annex 20, Scorecards for project prioritization
2 The scorecard is not made publicly available
Review committees should be established through a consultative process with a limited number of sector members. The review committees should, to the extent possible, have different compositions for each of their functions.

When delivering the strategic function, the respective review committee should equitably represent the members of the sector and be knowledgeable of humanitarian operations. When delivering the technical function, the respective review committee should be composed of a small group of technical experts to review project proposals.

The technical review will be led by the respective sectors in collaboration with the NHF. Members of the review committee involved in the technical review should be selected based on demonstrated technical knowledge of the specific sector. A small group of experts will allow for detailed deliberation on technical aspects of project proposals. Specialized advisors should provide support and inputs to the technical review process.

The function of the review committees involved in the strategic review of projects can be complemented or replaced by a single committee grouping different stakeholders’ representatives (a representative sample of UN Agencies and NGOs) after prior consultation with the NHF. While performing this function, the single committee uses the same tools and delivers the same function as a review committee.

Members of the respective review committees should be nominated from the active members of the relevant sectors/clusters. The committees should ensure an equitable representation of UN and NGOs.

The Humanitarian Financing Unit (HFU) of the NHF is supporting review committees in discharging their functions.

The outcome of the committee process is recorded by Sector Co-Leads in a PowerPoint provided by the HFU that is then used by Sector-Co Leads during the presentation of sector proposals to the AB. The recommendations from the committees are provided to the HC and AB for his/her consideration. Final authority lies with the HC and he/she may decide to seek additional advice and may decide not to follow the recommendations of the committee.
NGOs interested in applying for funding under the Nigeria Humanitarian Fund (NHF) have to participate in an eligibility process. The main objective is to ensure that the OCHA Humanitarian Financing Unit (HFU) is equipped with the necessary information about the capacities of NGO partners that could have access to funding as prescribed by the NHF accountability framework.

Why Assess Partners?
There are two main reasons for assessing partners:

- **Performance Management**: to review the strengths and weaknesses of an organization’s internal management systems. The assessment will include areas that may need to be strengthened. This information will then be fed into the overall NHF performance index.
- **Risk Management**: to consider all the information in order to weigh the final risks and potential benefits and make a decision about the most appropriate assurance methods to be applied to the partnership.

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

**Step 1: Registration**
Prospective partners initiate the process to become a partner and request access to Grant Management System (GMS) by contacting the HFU and submitting a copy of registration certificate (preferably in English) that indicate the full name of the partner. The registration certificate is required, and is submitted prior to granting access to the GMS to avoid a possible naming discrepancy in GMS that will create delays in generating and preparing the grant agreement and the disbursement process.

**Step 2: Due diligence**
Once the registration process is concluded, the partner is granted access to the GMS (gms.unocha.org) and the Due Diligence (DD) process begins. A thorough review of DD applications and documents is performed to ensure that partners meet the minimum requirements listed below and is a key initial step to safeguard the accountability of the Fund. Once access to the GMS is granted, the partner must complete the due diligence requirements and forms in the GMS. DD documents include:

(i) **Application form**: duly completed, including contact details and brief information on the organisation’s sectors of operations, geographical areas of work and funding levels.

(ii) **Due Diligence declarations** (signed, stamped and dated)

- Declaration of any Previous or Pending Legal Processes or Investigations; in case of previous or pending legal processes, please provide detailed explanation and relevant supporting documentation
- Declaration of Non-Support for a United Nations Designated Entity
- Declaration of Recognition and Support of/for any United Nations Compliance Activity (ies)
- Declaration of Conflict of Interest
- Declaration of Accurate Information
(iii) Registration certificate in the country of operation. If the organization cannot register in the country of operation, the HC may choose to accept a registration certificate from another UN Member State (similar certificate submitted for registration in the step 1 above).

(iv) Bank account information: to be completed on GMS.

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

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

Once the DD process has been finalized and the partner has been successfully approved, the organization will undergo a Capacity Assessment (step 3) to determine their eligibility for funding and risk rating.

**Step 3: Capacity assessment**

In order to be eligible for funding, NGOs must undergo a capacity assessment to determine their eligibility and risk rating. As one of the major pillars of OCHA NHF accountability framework, the objective of the capacity assessment is to systematically review the institutional, technical, management and financial capacities of the partner, and to ensure that the Fund has the necessary information to make an informed decision about eligibility and initial risk rating.

In conducting the capacity assessment process, partners are required to submit the documents listed in the NHF Internal Capacity Assessment Checklist (also attached) by delivering the soft copy to the NHF Maiduguri office. The assessment and scoring will be done in the GMS using the CBPF Internal Capacity Assessment (ICA) tool. The ICA questionnaire is used to capture key elements of the partner’s capacity in the following categories:

<table>
<thead>
<tr>
<th>ICA Categories</th>
<th>Weight</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Due Diligence</td>
<td>YES/NO</td>
<td>If an organization does not have approved NHF Due Diligence the rest of the questionnaire will be excluded.</td>
</tr>
<tr>
<td>B Governance and Institutional Capacity</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>C Programmatic Response Capacity</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>D Coordination and Partnership Capacity</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>E Financial Capacity</td>
<td>30</td>
<td>If the organization has been HACT assessed, category E of ICA will use HACT results as follows: High = 0; Significant = 10; Medium = 20; Low = 30</td>
</tr>
<tr>
<td><strong>Total Weight</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

In harmonizing the ICA with other assessments, the ICA takes into account and, encompasses existing assessments such as Harmonized Approach to Cash Transfers (HACT) conducted by other UN Agencies.
**Step 4: Risk Rating**

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

Partner capacity assessments reflect the capacity of a partner at one particular point in time. As a partner implements projects, OCHA NHF will review and score the partner on its implementation and the performance of partners will be used alongside the original capacity assessment to determine and adjust the risk level. For example, if a partner is strong in the implementation of its projects, its performance rating will be high, and this could lead to the partner moving from a medium to low risk rating. This is described in step 5 below.

Throughout the application for eligibility, the NHF will provide feedback to the organization as to whether their application will proceed to the next step of the process or not.
Partners who do not qualify and are considered ineligible would be given another opportunity to submit required documents for a Capacity Assessment to the NHF after 6 months, provided that they can demonstrate that the elements that caused the rejection have been addressed.

Below is a draft overview of a Capacity Assessment Scoring with threshold and risk levels. Please note that the thresholds will be further decided by the HC and AB.

<table>
<thead>
<tr>
<th>Organization Score (in percentage)</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>91 - 100</td>
<td>Organisation is eligible as a Low Risk partner.</td>
</tr>
<tr>
<td>71 - 90</td>
<td>Organisation is eligible as a Medium Risk partner.</td>
</tr>
<tr>
<td>31 - 70</td>
<td>Organisation is eligible as a High Risk partner.</td>
</tr>
<tr>
<td>0 – 30</td>
<td>Organization is not eligible. A new submission for capacity assessment can be considered by the NHF six (6) months after this review date.</td>
</tr>
</tbody>
</table>

**Step 5: Performance Index**

As eligible partners implement the NHF supported projects, their risk level will be adjusted by their Performance Index (PI) score. This PI tool is a key part of the accountability framework, and will allow OCHA to have an up to date rating of partner performance.

The rating of the performance of partners in the implementation of projects will be used alongside the original capacity assessment to determine and adjust as necessary partner risk levels. For example, if a partner is strong in the implementation of its projects, its performance rating will be high, and this could lead to the partner moving from a medium to low risk rating.

During project implementation, the following categories of partner performance are tracked and scored: i) quality and timeliness of submissions of project documents (proposals, budget and concept notes); ii) quality and timeliness of implementation against approved targets; iii) quality and timeliness of reporting; iv) frequency, timeliness and justification of project revision requests; v) quality of financial management; vi) audit findings. The detailed scoring breakdown is below.

The PI score is captured in GMS and is used along with the original capacity assessment score to determine the performance score and risk level.

In order to reward sound project implementation, the score from PI will progressively be given more weight and the capacity assessment score will become less significant as partners implement more projects.

Additionally, as partners continue receiving grant from the NHF, the partners’ scores on the most recent projects will be considered the most important and given the most weight in calculating the overall risk rating score.

Assessment: the scoring and the weighting are standardized across funds and the GMS will make the calculations automatically.
The overall risk rating score will therefore be updated each time the NHF completes the scoring of a partner’s project and will be reflected in the GMS.

For each project, the PI different components are assessed and the overall score is calculated as follows:

<table>
<thead>
<tr>
<th>PI Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project submission: quality and timeliness of submitted project document</td>
<td>10</td>
</tr>
<tr>
<td>Monitoring finding: quality and timeliness of implementation against approved targets and time-frame</td>
<td>25</td>
</tr>
<tr>
<td>Narrative reporting compliance: quality and timeliness of narrative reporting</td>
<td>15</td>
</tr>
<tr>
<td>Revision: frequency, timeliness and justification of project revision request/s</td>
<td>10</td>
</tr>
<tr>
<td>Financial performance: expenditure rate and reporting</td>
<td>20</td>
</tr>
<tr>
<td>Audit findings</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Even if partners undertake the PI, eligible partners that have not implemented NHF funded projects for more than three consecutive years will be required to undergo a new capacity assessment.

If a partner performs poorly consistently and its risk rating score moves from high risk to the threshold of ineligibility it will be rendered ineligible on the basis of poor performance. Ineligible partners can re-apply for capacity assessment one year after being rendered ineligible, provided that they can demonstrate that the elements that caused the poor performance have been addressed.
<table>
<thead>
<tr>
<th>Non-compliance scenarios</th>
<th>Risk for OCHA</th>
<th>Non-compliance measures</th>
<th>Responsible</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Overdue financial reports (final financial report and annual fixed-date financial report)</td>
<td>- Lack of accountability vis-à-vis donors; - Non-detection of potential problems given the lack of reporting</td>
<td>- Implementing Partner (IP) informed in writing about report default through an official reminder. IP has 30 days to take remedial action. Remedial action includes submission of overdue report or the commitment, in agreement with OCHA HFU, of a new date for report submission. - If no remedial action is taken within 30 days, the IP is suspended from future funding in the country. Suspension will be active until the overdue report(s) is(are) submitted and approved. - If report is not submitted by the new date of submission agreed upon or within 60 days since the original submission date, the HC will communicate the suspension to the donor community in-country. OCHA will consult the HC to consider further measures.</td>
<td>CBPF Manager</td>
<td>Initial suspension after 30 days will be notified by email to the concerned IP. Clusters/sectors and OCHA FCS will be informed (to avoid approval of new projects from suspended partners). The suspension after 60 days will be officially confirmed by the HC to the AB, key stakeholders (clusters or sectors), and the donor community in-country.</td>
</tr>
<tr>
<td>2. Overdue substantive reports</td>
<td>- Lack of accountability vis-à-vis donors; - Non-detection of potential problems given the lack of reporting</td>
<td>- IP informed in writing about report default through an official reminder. IP has 30 days to take remedial action. Remedial action includes submission of overdue report or the commitment, in agreement with OCHA HFU, of a new date for report submission. - If no remedial action is taken within 30 days, the IP is</td>
<td>CBPF Manager</td>
<td>Initial suspension after 30 days will be notified by email to the concerned IP. Clusters/sectors and OCHA FCS will be informed (to avoid approval of new projects from suspended partners). The suspension after 60 days will be officially confirmed by the HC to the AB, key stakeholders (clusters or sectors), and the donor community in-country.</td>
</tr>
<tr>
<td>Non-compliance scenarios</td>
<td>Risk for OCHA</td>
<td>Non-compliance measures</td>
<td>Responsible</td>
<td>Remark</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3. Critical audit findings/qualified audit opinion especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents</td>
<td>- Fraud</td>
<td>suspended from future funding from the CBPF in the country. Suspension will be active until the overdue report(s) is(are) submitted and approved. - If report is not submitted by the new date of submission agreed upon or within 60 days since the original submission date, the HC will communicate the suspension to the AB, stakeholders of the Fund and the donor community in country. OCHA will consult the HC to consider further measures.</td>
<td>CBPF Manager</td>
<td>confirmed by the HC to the AB, key stakeholders (clusters or sectors), and the donor community in country.</td>
</tr>
<tr>
<td></td>
<td>- Misuse of funds</td>
<td>- When final audit is issued the IP has 30 days to agree with OCHA on the plan of actions to address critical audit findings. A specific timeline should also be agreed. If the IP does not agree with OCHA on the plan of action within 30 days the IP will be suspended from future funding in country. - If planned actions are not implemented within the agreed timeframe, the IP will be suspended from future funding from the CBPF in the country. The suspension will be active until the agreed actions are taken and reported back to OCHA. - The IP can, in exceptional circumstances, renegotiate the plan of actions before deadlines expiration. - If actions are not taken within 60 CBPF Manager</td>
<td>OCHA will request the NGO partner to submit documentation proving that the actions agreed to address audit findings have been taken. OCHA will conduct verification of these actions through future audits, financial spot-checks and monitoring visits to the partner. False declarations and statements will cause immediate exclusion from eligibility to the fund for 12 months. Initial suspension will be notified by email to the concerned IP. Clusters/sectors and OCHA FCS will be informed (to avoid approval of new projects from suspended</td>
<td></td>
</tr>
<tr>
<td>Non-compliance scenarios</td>
<td>Risk for OCHA</td>
<td>Non-compliance measures</td>
<td>Responsible</td>
<td>Remark</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 4. Non refund of unspent and/or ineligible  | - Loss of funds                                                               | - Once the amount to be refunded is confirmed by the final audit/final financial statement, the IP is notified in writing about the need of refunding.  
- If refunding is not processed within 30 days from the date when the written communication was sent, the IP is suspended from future funding from the CBPF in the country. Suspension will be active until the refunding is received.  
- If refunding is not processed within 60 days from the IP suspension, the IP will become ineligible to the fund; all payments of other ongoing projects will be suspended. The suspension will be active until the refunding is received.  
The HC will officially communicate the suspension to the AB, stakeholders of the Fund and the donor community in-country.  
OCHA will consult the HC to consider further measures. | CBPF Manager         | Final audit/ final financial statement determine the amount for refunding. It will be essential to ensure proper follow up during the audit process to anticipate any disagreements between OCHA and the IP. In the GMS, the audit process should be mapped and followed (draft audit report included).  
Initial suspension will be communicated to key stakeholders.  
If no refunding is processed after 60 days from suspension the HC will officially confirm the non-eligible status of the IP to the AB, stakeholders of the Fund and the donor community in country the AB, key stakeholders (cluster or sector), and the donor community in country |

- Loss of funds
- Lack of accountability vis-à-vis donors
<table>
<thead>
<tr>
<th>Non-compliance scenarios</th>
<th>Risk for OCHA</th>
<th>Non-compliance measures</th>
<th>Responsible</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Critical findings from monitoring and financial spot-checks</td>
<td>- Fraud</td>
<td>- If no remedial action is taken by the IP to address critical findings, OCHA will inform IP in writing of the need to address findings.</td>
<td>CBPF Manager</td>
<td>IP will be informed in writing of critical findings from monitoring and financial spot-checks. Such findings will be included in reporting requirements. IP will be asked to report on the implementation of critical recommendations, which will also be verified by follow-on monitoring and financial spot-checks.</td>
</tr>
<tr>
<td></td>
<td>- Misuse of funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Loss of funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. NGO beneficiary of funding potentially involved in fraudulent, corrupt etc. practices</td>
<td>- Reputation risk;</td>
<td>- IP is fully responsible for services provided by its employees; therefore shall promptly inform OCHA in writing of circumstances jeopardizing completion or accomplishment of Project objectives including fraud,</td>
<td>Implementing Partner HoO/CBPF Manager HoO/CBFP Manager and</td>
<td>Corrective measure, to be communicated via the HC to the humanitarian and donor community in the country and to the IP subject to the measure.</td>
</tr>
<tr>
<td></td>
<td>- Misuse of funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Loss of funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Lack of accountability vis-à-vis donors, leading to donor distrust and decrease in contribution amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-compliance scenarios</td>
<td>Risk for OCHA</td>
<td>Non-compliance measures</td>
<td>Responsible</td>
<td>Remark</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------</td>
<td>------------------------</td>
<td>-------------</td>
<td>--------</td>
</tr>
<tr>
<td>diversion or misappropriation of funds.</td>
<td>- If OCHA’s Country Office is informed (either by IP or other source) of any circumstances involving allegations of fraud, diversion or misappropriation, OCHA’s Country Office should inform OCHA FCS immediately. - FCS and the CO will subsequently discuss how to proceed based on the available findings and FCS’ standard operating procedures. - Measures may include the decision by the Humanitarian Coordinator to suspend the project funding.</td>
<td>FCS Humanitarian Coordinator</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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1. Basic Definitions and Guidance on the Project Budget Preparation Process

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

A project budget must be credible and in line with sound financial management principles. It should describe what the project proposes to do in financial terms and value. The budget review process will ensure that budgeted costs are a correct, fair and reasonable reflection of what is needed to carry out the project proposal. Concerns in relation to compliance with UN rules and regulations and financial accountability must be addressed before projects will be approved.

1.1. Rationale and Basic Principles of the Project Budget

The role of implementing partners in the budgeting process is to:

i. Provide a correct and fair budget breakdown of planned costs that are necessary to implement the activities and achieve the objectives of the project.

ii. Use and comply with the budget template (Annex: Project Budget and Financial Reporting Tool) and guidance provided by OCHA for the classification and itemization of planned costs. (see below table)

### Staff and Other Personnel Costs (please list any costs of staff, consultants and other personnel to be recruited directly by the implementing partner for project implementation)

<table>
<thead>
<tr>
<th>Code</th>
<th>Budget Line Description</th>
<th>Remarks</th>
<th>U / S Direct Support</th>
<th>Unit Quantity</th>
<th>Unit Cost</th>
<th>Duration (per month, per day or per head)</th>
<th>Total Cost % charged to PSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

iii. Provide a budget narrative (as an essential component of the budget) that clearly explains the objective and the rationale of request for every budget line. For example, shared costs, expensive assets, and equipment required to support the regular operation of the implementing partner, are clear cases that require well justified budget narrative. The narrative (in the “Remarks” field) should explain:

- how the planned costs contribute to the implementation of the project; and
- how unit numbers, unit costs and total costs have been estimated.
1.2. Definitions

1.2.1. Eligible and Ineligible costs

The following attributes define the nature of eligible costs.

i. Must be necessary and reasonable for the delivery of the objectives of the project.

ii. Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.

iii. Must be included in the project budget.

iv. Must be identifiable in the accounting records and supported by original supporting evidence as incurred in accordance with the approved project proposal and project period.

Eligible costs may include:

a. All staff costs (including salaries, social security contributions, medical insurance, rest and recuperation allowances and hazard pay (when applicable)) and any other cost included as part of the salary benefits package of staff involved in the project. Salaries and costs may not exceed the costs normally borne by the implementing partner in other projects.

b. Costs for consultancies involved in the implementation of the project.

c. Support staff costs at country level directly related to the project.

d. Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel, provided the costs do not exceed those normally borne by the implementing partner.

e. A contribution to the implementing partner’s Country Office costs as shared costs charged on the basis of a well-justified/explained calculation and reasonable allocation system. Shared costs must be itemized. (Please refer to section 1.2.5 on Shared Costs for more guidance).

f. The financial support to beneficiaries, including cash and voucher-based distribution.

g. Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage and distribution costs.

h. Costs related to non-expendable items (assets) such as information and communications technology (ICT) equipment for the project, medical equipment, water pumps, and generators.

i. Expenditure incurred by the implementing partner related to awarding of contracts required for the implementation of the project, such as expenses for the tendering process.

j. Costs incurred by sub-implementing partners, directly attributable to the implementation of the project.

k. Other costs derived directly from the requirements of the Grant Agreement such as monitoring, reporting, dissemination of information, translation, and insurance including financial service costs (in particular bank fees for transfers).

The following costs are ineligible:

a. Costs not included in the approved budget (taking into consideration duly approved budget and approved revision(s)).

b. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extension(s)).
c. Debts and provisions for possible future losses or debts.
d. Interest owed by the implementing partner to any third party.
e. Items already financed from other sources.
f. Purchases of land, buildings, and other fixed assets.
g. Currency exchange losses.
h. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.
i. Government staff salaries.
j. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meetings directly related to project implementation).
k. Incentives, mark-ups, gifts to staff.
l. Fines and penalties.
m. Duties, charges, taxes (including VAT) recoverable by the implementing partner.
n. Global evaluation of programs.
o. Audit fees/system audit fees – these costs are funded directly by the NHF.

1.2.2. Other Types of costs

On a case-by-case basis and depending on the objectives of the Fund, the Head of the NHF has flexibility to consider the following costs as eligible:

a. Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives.
b. Stipends for government health workers in NGO run facilities
c. Visibility material of the implementing partner directly related to projects funded by the NHF.
d. 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 proportion, attributable to the project.
e. Vehicles purchase necessary for implementing the project.
f. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior the NHF funding.
g. Equipment for the regular operations of the implementing partner including critical hardware e.g. communications, security and related equipment.
h. Recurrent costs for the implementing partner’s current operations.

1.2.3. Direct and Indirect Costs

There are two categories of eligible costs: 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:

a. Staff and related personnel costs, including consultants and other personnel.
b. Supplies, commodities, materials.
c. Equipment.
d. Contractual services.
e. Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
f. Transfers and grants to counterparts.
g. General operating and other direct costs including security expenses, office stationary, 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 Program 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 programs. 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.

PSC 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.

PSC do not have to be itemized in the project budget and do not require to be audited.

### 1.2.4. Budget line classification

All budget lines in the GMS have to be classified as Direct (D) or Support (S) for better understanding of the cost structure (as indicated below).

<table>
<thead>
<tr>
<th>Code</th>
<th>Budget Line Description</th>
<th>Remarks</th>
<th>Budget Line</th>
<th>Total Quantity</th>
<th>Unit Cost (per month, per day or long term)</th>
<th>Total Cost % charged to D/S%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Area Manager</td>
<td>Out of the 12 months period the grant will contribute 10% to 7%</td>
<td>D</td>
<td>4000</td>
<td>11512.21</td>
<td>7</td>
</tr>
<tr>
<td>1.2</td>
<td>Logistic Manager</td>
<td>Out of the 12 months period the grant will contribute 10% to 7%</td>
<td>D</td>
<td>4000</td>
<td>9388.91</td>
<td>7</td>
</tr>
<tr>
<td>1.3</td>
<td>Warehouse Assistant Driver</td>
<td>The Warehouse Assistant will be responsible in dispatching and</td>
<td>D</td>
<td>4000</td>
<td>1204.15</td>
<td>5</td>
</tr>
<tr>
<td>1.4</td>
<td>Warehouse Assistant Driver</td>
<td>The Warehouse Assistant will be responsible in dispatching and</td>
<td>D</td>
<td>4000</td>
<td>1204.15</td>
<td>5</td>
</tr>
<tr>
<td>1.5</td>
<td>Cleaner</td>
<td>For trucks and pickup trucks and offloading – it is assumed the</td>
<td>D</td>
<td>4000</td>
<td>41.6</td>
<td>1</td>
</tr>
<tr>
<td>1.6</td>
<td>Driver Officer</td>
<td>One Officer for 9 months and the grant contributes 25% of netturn</td>
<td>D</td>
<td>4000</td>
<td>1033.5</td>
<td>7</td>
</tr>
</tbody>
</table>

Budget lines that are directly used to conduct the project be classified as “D”. The direct budget lines (‘D’) declare costs that can be clearly attributed, either wholly or in part to a project financed by the NHF. They declare costs associated with providing direct management and supplies needed to carry out
the proposed activities, including costs for project activities, personnel, related travel, contractual services and procurement.

Budget lines that support the operational aspect of the project implementation should be classified as “S”. The support budget lines ("S") declare costs that cannot be traced unequivocally to specific activities of a project financed by the NHF, such as costs for general support staff, administrative and contractual services, office supplies, utilities, office rental, IT equipment and assets.

Amounts of “S” budget lines exceeding more than 30 percent of the project budget should be clearly justified and seek approval of the Head of NHF.

1.2.5. Shared Costs
Sharing costs between different donors and projects under a country program of an implementing partner is an acceptable practice for the NHF. The implementing partner may share certain Country Office costs to different uses and projects, for example staff, office rent, utilities and rented vehicles. The following guidance applies to shared costs in the project budget:

a. All shared costs must be directly linked to project implementation.
b. 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 budget and assessed and approved by the Humanitarian Financing Unit (HFU).
c. The implementing 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).
d. 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.
e. Non-staff shared costs must be charged to the NHF on the basis of an equitable cost allocation system. Accordingly, the percentages in the budget are to be assessed and approved by the HFU.
f. Shared-cost, including staff-related costs, should preferably be charged for the entire duration of the project. If this is not possible, the rationale of the apportionment must be explained into the budget narrative.

---

1 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. Implementing 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).

2 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. Implementing 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 implementing partner should budget the rent for 50 per cent of the monthly cost for 12 months period. The implementing partner may pay the full rent of the office for 6 months with the allocated budget).
1.3. Guidance on itemization of budget lines

Each budget line requires cost breakdown which details are provided as follows:

a. Itemize each national and international staff, consultants and other personnel by function and provide unit quantity and unit cost by monthly or daily rates for each staff position.

b. Any budget line which total value exceeds US$10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative.

c. When budget lines reflect the costs of multiple items (exceeding US$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 Grant Management System (GMS).

d. 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/Remark should properly refer using unit measures (length, volume, weight, area, etc.).

![Budget Breakdown Table](image)

<table>
<thead>
<tr>
<th>No.</th>
<th>Item/Description</th>
<th>Unit</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prepared by: ____________________
Location: _______________________
Date: _________________

e. Provide technical specifications for items which unit cost exceeds US$10,000.

f. Provide technical specifications for items which unit costs can greatly vary based on 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).

g. Provide details in the budget narrative so that the objective of the budget line can be clearly identified.

![Staff and Other Personnel Costs](image)

h. 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. If

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3 Staff positions must be charged per unit. When staff costs are only partially charged to the given budget this must be reflected in the percentage (50% of a staff, and not half of a staff at 100%).
it is not possible or practical to itemize the cost, provide an explanation on how the total cost is determined.

i. Travel costs can be estimated as long as calculation modality is accurately described in the budget narrative (e.g. providing estimates on the number of trips, duration in days, daily subsistence allowance (DSA) rate).

j. National or international travel: provide an estimate of the number of trips and cost per trip.

k. Provide the list of items (the list should be provided as an annex to the budget) and estimated cost per item for kits when the cumulative budget line value is greater than $10,000.

l. Provide the list of items for globally standardized kits such as Post-Exposure Prophylaxis (PEP) kits, Interagency Emergency Health Kit, etc. This does not include standard kits agreed upon in each country.

m. The implementing 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 in GMS. The breakdown details are not required to be provided in GMS. However, the NHF recommends to provide the same level of details and breakdown of sub-implementing partner’s budget(s) in a spreadsheet and upload under “Documents” tab. In addition, at the request of OCHA and/or the auditors, the implementing partner is responsible and accountable to provide the necessary detailed documentation necessary detailed documentation to support the budget and expenditure incurred by the sub-implementing partner.

Kits:

n. Where the cost of a ‘kit’ exceeds $10,000 each item in the kit must be listed as well as the unit cost of the item and the number of items.

o. Where the cost of a ‘kit’ is $10,000 or less each item in the kit must be listed, but unit costs are not required.

p. The contents of globally standardized kits (e.g. PEP kits, Interagency Emergency Health kits) must be provided.

Construction works:

q. In the case of construction works above $10,000, only the known labor costs and essential materials shall be budgeted and itemized (unit, number of units and unit cost). The description should explain how the costs have been estimated based on a standard prototype of construction (e.g. latrine, health post, shelter), type of materials (e.g. wood, prefabricated, concrete), and the formula or rationale used to make the calculation (e.g. per square foot or square meter, based on previous experience etc.).
2. Detailed Guidance for Budget Preparation Process

The NHF budget contains seven (7) budget categories. To facilitate the proper budget preparation process, the detailed guidance for budget preparation process including explanation, Do’s and Don’ts of each budget category are provided below.

2.1. Staff and Other Personnel Costs

This budget category should itemize the costs of staff, consultants and other personnel recruited directly by the implementing partner for project implementation. Please indicate for each position what role it plays in the implementation of the project and its grade/level. Also explain how the unit number has been estimated, and what costs are included in the monthly or daily rate unit cost (e.g. salary, social security, medical and life insurance, hazard pay, etc.).

DO
a. Itemize each national and international staff, consultant and other personnel by grade/level or function and provide unit quantity and unit cost by monthly or daily rates for each staff position.
b. Hiring of national and international consultants must be directly related to the project for humanitarian response. Describe the function / expertise of the consultants hired for the project.
c. Must NOT exceed salaries and costs normally borne by the implementing partner in other projects.
d. Ensure budgeting necessary/relevant program staff, aligned with the sector requirement, in order for the implementing partner to successfully implement the proposed project. Program staff cost could be charged to the NHF depending on the time of respective staff member contributed to the project. Shared support staff costs at country level must be directly related to the project.
e. Budget the number of staff for project implementation at a reasonable level by taking into consideration of different locations.
f. Require approval in writing by the HFU for ANY variation in “Staff and other Personnel Costs”.
g. Provide a clear explanation of the calculation for any personnel budget line which cumulative/total value exceeds US$10,000 in the budget narrative.

DON’T
h. Budget for government staff salaries, incentives, stipends, mark-ups, gifts to staff and other personnel.
i. Budget for fringe benefits such as cars provided by the organization to staff, individual full housing allowance and the like are ineligible expenditures for the NHF.
j. Include consultancies with firms. It should be budgeted under budget category 4.
k. Incur any costs not included in the approved budget (taking into consideration duly approved budget revision(s)). This applies to all budget categories.
l. Incur any costs outside the approved implementation period of the project (taking into consideration duly approved no-cost extension(s)). Such expenditures are considered ineligible. This applies to all budget categories.
2.2. Supplies, Commodities, Materials

This budget category should itemize the direct and indirect costs of consumables to be purchased under the project, including quality control, associated transportation, freight, storage and distribution costs. Please explain how the unit number and unit cost have been estimated. For standard and low value kits describe the composition of the kits, how the composition was agreed and how the cost of the individual items has been estimated. For non-itemized construction materials please describe how construction costs have been estimated on the basis of a standard prototype of building (latrine, health post, shelter), type of materials (wood, prefabricated, brick/cement/concrete) and formula or rationale used to estimate construction costs (e.g. per square foot or meter, previous experiences, etc.).

DO

a. Provide technical specifications for items which unit cost exceeds US$10,000. Also provide a clear explanation of the calculation in the budget narrative.

b. Provide a budget breakdown for budget lines which costs contain multiple items (exceeding US$10,000) in excel by listing item, unit quantity, value or cost (per unit and total cost). Upload the breakdown to the Grant Management System (GMS) under “Documents” tab.

c. Provide unit or quantity (e.g. 10 kits, 1,000 metric tons) and unit cost for commodities, supplies and materials proposed to be purchased through the NHF. The budget narrative should properly refer using unit measures (length, volume, weight, area, etc.).

d. Provide the list of items for globally standardized kits such as Post-Exposure Prophylaxis (PEP) kits, Interagency Emergency Health Kit, etc. This does not include standard kits agreed upon in each country.

e. If an implementing partner is implementing construction works (exceeding US$10,000), labor costs and known essential materials for construction works should be budgeted and itemized by providing unit or 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, shelter), type of materials (e.g. wood, prefabricated, brick/cement/concrete) and the formula or rationale used to estimate construction cost (e.g. per square foot or meter, previous experiences, etc.).

f. Provide clear explanation in the budget narrative for financial support to beneficiaries, including cash and voucher-based distribution. The unit cost should be aligned with the sector standard norm per beneficiary and ensured matching with the targets in the logical framework.

g. Communications materials for training and awareness raising, such as posters, pamphlets, etc., as well as the reproduction of these items could be budgeted under this budget category by providing unit quantity, unit cost. If it includes multiple items, please provide the breakdown.

DON’T

a. Budget for purchase of land or buildings for beneficiaries.

b. Pay for any fines and penalties related to procurement or storage.

c. The NHF does NOT fund any implementing partner specific visibility materials.

d. ANY purchase/activity not included in the approved budget (taking into consideration duly approved budget revisions).
2.3. **Equipment**

This budget category should itemize the costs of non-consumables to be purchased under the project. Please explain how the unit number and unit cost have been estimated. For expensive equipment items please describe how the item(s) is (are) necessary to the implementation of the NHF project.

**DO**

a. Procurement of non-consumables for the benefit of implementing partner (e.g. IT equipment for registration, medical equipment, etc.) could be budgeted under this budget category.
b. Only equipment directly related to project implementation will be considered.
c. Provide technical specifications for items which unit costs can greatly vary based on 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).
d. On a case by case basis, if some equipment is required for security purpose, it should be discussed with and agreed by the HFU.
e. If there is any procurement of equipment such as medical equipment, water pumps, generators, etc. related to the program activities, it should have well reflected in the narrative proposal and well explained in the budget narrative.
f. Equipment required to support the regular operation of the implementing partner (e.g. office equipment such as computer, printer, etc.) should be cost-shared and requires well justified budget narrative. The NHF may recommend the implementing partner to share the cost at 10 per cent unless otherwise it is consulted with and agreed by the HFU.

**DON’T**

g. Purchase of any equipment not included in the approved budget (taking into consideration duly approved budget revisions).
h. Allow for any fines and penalties related to procurement or storage.
i. Budget for duties, charges, taxes (including VAT) recoverable by the implementing partner.
j. The NHF generally does not fund the purchase of vehicles.

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 eligible:

k. Purchase of Vehicles.
l. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior NHF funding.
m. Equipment for the regular operations of the implementing partner.

2.4. **Contractual Services**

This budget category requires listing of works and services to be contracted under the project. Please explain how the unit number and unit cost for each contract have been estimated, and describe the location and type of services provided.

**DO**

a. If an implementing partner is contracting construction works (exceeding US$10,000) to the contractor, upload an itemized budget breakdown of labor costs and known essential materials
for construction should be budgeted 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, shelter), type of materials (e.g. wood, prefabricated, brick/cement/concrete) and the formula or rationale used to estimate construction cost (e.g. per square foot or meter, previous experiences, etc.).

b. If an implementing partner is contracting services for evaluation, assessment, survey, etc., the cost must not exceed normally borne by the implementing partner in other projects.

c. List and describe the works and services – normally of a commercial nature - contracted directly by the implementing partner following procurement procedures. Please provide unit quantity, unit cost for each contract.

**DON’T**

a. Costs not included in the approved budget (taking into consideration duly approved budget revision(s)).

b. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extension(s)).

2.5. **Travel**

This budget category should itemize the travel costs of staff, consultants and other personnel for project implementation. For domestic and international travel please explain how the number of trips and the cost of each trip have been estimated. For international travel costs not directly linked to the delivery of project objectives, please justify why the costs are necessary for the implementation of the project.

**DO**

a. Itemize the travel costs of staff, consultants and other personnel for project implementation by providing estimates on the number of trips, average duration in days, daily subsistence allowances, and number of staff.

b. On a case by case basis, international travel costs directly linked to delivery of project objectives could be considered upon consultation and in agreement with the NHF Fund Manager.

c. In case 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 proportion, attributable to the project.

d. Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel could be budgeted under this budget category, provided the costs do not exceed those normally borne by the implementing partner.

e. Vehicle rental for implementation of monitoring and evaluation activities could be budgeted but such costs must not exceed those normally borne by the implementing partner in other projects.

f. Include fuel and vehicle/boat rental costs for staff, consultants and other project personnel but provide unit quantity, unit cost for vehicle rental, including fuel for internal travel.

**DON’T**

a. The NHF will not fund any international travel costs for international staff/consultant of the implementing partners for resuming his/her duty in Nigeria and/or attending training or workshop.
2.6. **Transfer and Grants to Counterparts**

This budget category should list transfers and sub-grants to project implementing partners. For each transfer and/or sub-grant please explain the purpose and objectives. To the best extent possible provide the estimated cost breakdown in the same budget format as the NHF. Include only direct costs. Any indirect costs of implementing partners should be covered by the overall maximum 7 per cent PSC for the project.

**DO**

a. The implementing 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 in GMS. The breakdown details are not required to be provided in GMS. However, the NHF recommends to provide the same level of details and breakdown of sub-implementing partner’s budget(s) in a spreadsheet and upload under “Documents” tab. In addition, at the request of OCHA and/or the auditors, the implementing partner is responsible and accountable to provide the necessary detailed documentation necessary detailed documentation to support the budget and expenditure incurred by the sub-implementing partner.

b. If an implementing partner contracts any project components or activities to a sub-implementing partner, it shall be clearly spelled out in the project proposal and budget. The implementing partner shall be fully responsible for all work and services performed by these operational implementing partners and for all acts and omissions committed by them or their employees.

c. List the sub-implementing partners by name to be sub-grants for project implementation. This should be done by the implementing partner through its sub-granting procedures for project implementation. Entities receiving sub-grants could be UN agencies, NGOs, Red Cross / Red Crescent. Only the direct costs of the sub-implementing partner should be included.

d. The sub-implementing partner must provide its budget in the same budget format as the NHF: A. Staff and other Personnel Costs, B. Supplies, Commodities, Materials, C. Equipment, D. Contractual Services, E. Travel, G. General Operating and Other Direct Costs with the same level of details required for the implementing partner.

e. The sub-implementing partner is accountable for and must comply with the budget guidelines provided to the primary implementing partner in this document.

**DON’T**

a. The NHF cannot fund indirect costs of sub-implementing partners which should be covered by the overall maximum 7 per cent PSC for the project.

b. Costs not included in the approved budget (taking into consideration duly approved budget revision(s)).

c. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extension(s)).

d. Debts and provisions for possible future losses or debts.

e. Interest owed by the sub-implementing partner to any third party.

f. Items already financed from other sources.
g. Purchases of land or buildings.

h. Currency exchange losses.

i. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.

j. Government staff salaries.

k. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).

l. Incentives, mark-ups, gifts to staff.

m. Fringe benefits such as cars provided by the organization to staff, individual full housing allowance and the like.

n. Fines and penalties.

o. Duties, charges, taxes (including VAT) recoverable by the implementing partner.

p. Global evaluation of programs.

q. Audit fees/system audit fees – these costs are funded directly by the Fund.\footnote{Those costs are charged as a direct cost for the management of the NHF.}

2.7. General Operating and Other Direct Costs

This budget category should be budgeted for general operating expenses and other direct costs for project implementation. The NHF recommends sharing of 10 per cent. Please explain how the unit number and unit cost have been estimated.

DO

a. General operating costs and other direct costs, including office running costs, office stationary/supplies, security expenses, utilities such as telecommunications, internet, and office rents for project implementation could be charged under this budget category. But the cost should be shared. The NHF will cover up to 10 percent of each support (S) cost by budget line.

b. Any costs should provide in the budget narrative how the unity quantity and unit cost have been estimated. If the budget lines include multiple item,

DON’T

a. The NHF does not fund corporate costs such as headquarters and statutory bodies, legal services, general procurement and recruitment, technical supervisory support, etc. which are not related to service provision to a particular project.

b. Costs not included in the approved budget (taking into consideration duly approved budget revision(s)).

c. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extension(s)).

d. Debts and provisions for possible future losses or debts.

e. Interest owed by the implementing partner to any third party.

f. Items already financed from other sources.

g. Currency exchange losses.

h. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.

i. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).
j. Incentives, mark-ups, gifts to staff.
k. Fringe benefits such as cars provided by the organization to staff, individual full housing allowance and the like.
l. Fines and penalties.
m. Duties, charges, taxes (including VAT) recoverable by the implementing partner.
n. Global evaluation of programs.
o. Audit fees/system audit fees – these costs are paid directly by the fund.

2.8. Program Support Costs (PSC)
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 programs. 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.

a. PSC is charged as a maximum 7 per cent of the approved direct expenditures incurred by the implementing partner.
b. PSC 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.
c. PSC do not have to be itemized in the project budget and do not require to be audited.

3. Common mistakes during preparation and/or revision of budget

a. The budget of the project should be submitted in dollar not in local currency (Nira).
b. Incomplete submission of budget details.
c. Did not assign appropriate unit or percentage charged to NHF.
d. Did not provide budget breakdown.
e. Did not provide text on budget narrative section.
f. Budget narrative did not match with budget and BoQ/breakdown.
g. Budget breakdown did not match with description in the budget line.
h. Although budget breakdown details provided in budget narrative section, there was no separate budget breakdown prepared.
i. Partner did not completely respond in GMS to all budget related queries raised by HFU or HQ.
j. Budget resubmitted without addressing the comments.
k. Delayed in resubmission of budget.
l. Did not use correct budget category.
m. Did not apply harmonized cost within sector/region.
n. Budgeted ineligible costs.
o. Double budgeted PSC cost in both implementing partner and sub-implementing partner’s budget (maximum for 7 per cent).
p. Lack of transparency regarding cost sharing between NHF project and other projects/country office costs.
4. **NHF Budge Template**

An excel version of the budget tool shown below is available on request. It can be used to develop the budget offline and then copy and paste contents in to the online budget section in the GMS.
# Nigeria Humanitarian Fund Project Budget Tool

This Excel template must be used when preparing proposal budgets to ensure correct calculations of various budget items.

Please use the template below without modifying the section headings. **Wherever possible and relevant** please provide a **detailed breakdown** of items (unit type, quantity, unit cost) and costs for each budget line of the project. The % charged to the CBPF will be 100% with the exception of shared costs, for which please indicate the total cost and the % being charged to the Fund. Where breakdown of unit, quantity and unit cost is unavailable or unnecessary, please enter total amount of the item along with sufficient description of cost content. Please add additional rows, as needed. For further guidance on the budget preparation process, please refer to the “Basic Definitions and Guidance on the Project Budget Preparation Process” in Section 5 of the Operational Handbook for CBPFs.

Wherever possible and relevant please provide a detailed breakdown of items (unit type, quantity, unit cost) and costs for each budget line of the project. The % charged to the CBPF will be 100% with the exception of shared costs, for which please indicate the total cost and the % being charged to the Fund. Where breakdown of unit, quantity and unit cost is unavailable or unnecessary, please enter total amount of the item along with sufficient description of cost content. Please add additional rows, as needed.

<table>
<thead>
<tr>
<th>A. Staff and Other Personnel Costs (please itemize costs of staff, consultants and other personnel to be recruited directly by the implementing partner for project implementation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Project manager</td>
</tr>
<tr>
<td>Example: Security guards</td>
</tr>
<tr>
<td>Example: xxxxxxxxx</td>
</tr>
<tr>
<td>Example: xxxxxxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total A:** ——

<table>
<thead>
<tr>
<th>B. Supplies, Commodities, Materials (Programme Inputs) (please itemize direct and indirect costs of consumables to be purchased under the project, including associated transportation, freight, storage and distribution costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex:xxxxxxx</td>
</tr>
<tr>
<td>Ex:xxxxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total B:** ——

<table>
<thead>
<tr>
<th>C. Equipment (please itemize costs of non-consumables to be purchased under the project)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1:xxxxxx</td>
</tr>
<tr>
<td>C2:xxxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total C:** ——

<table>
<thead>
<tr>
<th>D. Contractual Services (please list works and services to be contracted under the project)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1:xxxxx</td>
</tr>
<tr>
<td>D2:xxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total D:** ——

<table>
<thead>
<tr>
<th>E. Travel (please itemize travel costs of staff, consultants and other personnel for project implementation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1:xxxxxx</td>
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<tr>
<td>E2:xxxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total E:** ——

<table>
<thead>
<tr>
<th>F. Transfers and Grants to Counterparts (please list transfers and sub-grants to project implementing partners)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1:xxxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total F:** ——

<table>
<thead>
<tr>
<th>G. General Operating and Other Direct Costs (please include general operating expenses and other direct costs for project implementation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1:xxxxxxx</td>
</tr>
<tr>
<td>G2:xxxxxxx</td>
</tr>
</tbody>
</table>

**Sub-Total G:** ——

| Subtotal Direct Project Costs | $418,090.0 |

| Indirect Programme Support Costs (PSC) rate (insert percentage, not to exceed 7 per cent) | 2% |
| PSC Amount | $29,266.3 |

| Total NHF Project Cost | $447,356.3 |
Project Budget Tool - Budget Narrative

Please provide a narrative description of the Project Budget Tool focusing on two aspects: a) how the planned costs contribute to the implementation of the project; and b) how unit numbers, unit costs and total costs have been estimated. For guidance on the latter refer to Section 3. Guidance and basic definition of the CBPF budget guidance document. In particular, please ensure that the required information is provided for the following categories, in order to facilitate the evaluation of your proposal:

- **Shared costs**: please explain how the cost contributes to the implementation of the project, how the allocation to the project was derived (e.g. pro-rata, averages), and how it will be verified throughout implementation.
- **Eligible costs**: if any costs listed in Section 1.3 Note on other types of expenditures of the budget guidance document are included in the Budget, please justify how they are necessary for the implementation of the project.
- **Duties, charges and taxes (including VAT)**: please indicate whenever costs are inclusive of duties, charges and taxes, and explain why these could not be recovered.

For further guidance on the budget preparation process, please refer to the "Basic Definitions and Guidance on the Project Budget Preparation Process" in Section 5 of the Operational Handbook for CBPFs.

<table>
<thead>
<tr>
<th>Budget Lines</th>
<th>Cost description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Staff and Other Personnel Costs</strong></td>
<td>Please indicate for each position what role it plays in the implementation of the project and its grade/level. Also explain how the unit number has been estimated, and what costs are included in the monthly or daily rate unit cost (e.g. salary, social security, medical and life insurance, hazard pay, etc.).</td>
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<tr>
<td><strong>B. Supplies, Commodities, Materials</strong></td>
<td>For all Supplies, Commodities and Materials please explain how the unit number and unit cost have been estimated. For standard and low value kits describe the composition of the kits, how the composition was agreed and how the cost of the individual items has been estimated. For non-itemized construction materials please describe how construction costs have been estimated on the basis of a standard prototype of building (latrine, health post, shelter), type of materials (wood, prefabricated, brick/cement/concrete) and formula or rationale used to estimate construction costs (e.g. per square foot or meter, previous experiences, etc.).</td>
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<tr>
<td>(Programme Inputs)</td>
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<td>Example: xxxxxxx</td>
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<tr>
<td>Example: xxxxxxx</td>
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<tr>
<td><strong>C. Equipment</strong></td>
<td>Please explain how the unit number and unit cost have been estimated. For large and/or expensive equipment items, including vehicles, please describe how the item(s) is (are) necessary to the implementation of the CBPF project.</td>
</tr>
<tr>
<td>(please list all budget lines)</td>
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<td>C1 xxxxx</td>
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<td>C2 xxxxx</td>
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<td>0</td>
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<tr>
<td><strong>D. Contractual Services</strong></td>
<td>Please explain how the unit number and unit cost for each contract have been estimated, and describe the location and type of services provided.</td>
</tr>
<tr>
<td>(please list all budget lines)</td>
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<td>D1 xxxxx</td>
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<td>D2 xxxxx</td>
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<tr>
<td><strong>E. Travel</strong></td>
<td>For domestic and international travel please explain how the number of trips and the cost of each trip have been estimated. For international travel costs non directly linked to the delivery of project objectives, please justify how the costs are necessary for, and support the implementation of the project.</td>
</tr>
<tr>
<td>(please list all budget lines)</td>
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<td>E1 xxxxx</td>
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<td>E2 xxxxx</td>
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<tr>
<td><strong>F. Transfers and Grants to Counterparts</strong></td>
<td>For each transfer and/or sub-grant please explain the purpose and objectives. Whilst breakdown of sub-partners costs is not required by OCHA, to the extent possible counterparts budgets and financial reports should be structured around the categories in this budget template. Include only direct costs: indirect costs of implementing partners should be covered by the overall maximum 7 per cent PSC for the project.</td>
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<td>(please list all budget lines)</td>
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<tr>
<td><strong>G. General Operating and Other Direct Costs</strong></td>
<td>Please explain how the unit number and unit cost have been estimated. For shared costs refer to guidance above and in Section 5.1 &quot;Basic Definitions and Guidance on the Project Budget Preparation Process” Operational Handbook for CBPFs.</td>
</tr>
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<td>(please list all budget lines)</td>
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Annex 6
Nigeria Humanitarian Fund
ICA Checklist

In order to become eligible to apply for funding from the Nigeria Country-based Pooled Funds (CBPFs), interested NGOs have to participate in a Capacity Assessment process whose main aim is to ensure that the Fund has the necessary information about the capacities of the non-governmental partners that can access funding.

The Application Checklist is part of the NGOs submission for the capacity assessment. An assessment of an NGOs’ capacity will start upon receipt of the completed Checklist below together with as many of the documents available to be delivered to the NHF Maiduguri office via memory stick/flash disk.

Please read the instructions and all documents carefully to avoid delays.

List of Documents to Submit – TICK BOX FOR DOCUMENTS SUBMITTED

<table>
<thead>
<tr>
<th>Organization Name in English</th>
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<tr>
<th>Organization Acronym in English</th>
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<table>
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<tr>
<th>Name of the person submitting the documents</th>
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<table>
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<tr>
<th>Date of submission of the Documents (DD/MMM/YYYY)</th>
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Organizational Information:

- Governance Documents (i.e. constitution, mandate, trust deed, Board of Trustees and/or Board of Directors with full list of members)
- An email by the concerned Sector/Cluster Coordinator, confirming membership of the organization in the Cluster and stating the number of 3/4W submissions by the organization to the Cluster (out of the last 12 months).
- Organization’s organigram
- Code of Conduct (copy signed by appropriate organization official)
- Policy on accountability to affected populations (AAP)
- Anti-fraud and conflict of interest policy

Policies/Manuals:

- Procurement & Logistics
- Human Resources
- Program Planning
- Finance & Administration
- Stock Management system and disposal policy
### Reports and other relevant documents:

- Annual country reports for the last 1-2 years, if available
- Annual financial statements for the last 1-2 financial years
- Financial report automatically generated from the accounting system
- Annual work plans and budgets for the last 1-2 years if available
- Copy of completed internal monitoring or review report within the last 1-2 years
- Reports from a) external audits of financial statements for the last 1-2 financial years, and b) external audits of projects completed in the last 12 months if applicable and available
- Reports from external and internal evaluations, reviews and studies undertaken in the last 1-2 years by the organization in the country
- References and/or Letters of Recommendations (i.e. donors, partners, government, etc).
- List finished and ongoing projects with funding amounts per project in the last 1-2 years
- List of donors in the last 1-2 years with corresponding record of supported projects, budget, implementation period and geographic location.
- List and Contact Details of Implementing Partners if the NGO works through them (last 1-2 years)
- Copy of Capacity Assessment tool if one is used for Implementing Partners
- Sample report on a recently concluded needs assessment or situation update
- Sample financial report during the last six months comparing budget against expenditure
- Samples emails or documents demonstrating the use of the organization’s feedback and complaint system
- Demonstration on the use of accountability to affected populations (AAP) policy i.e informing beneficiaries about programs, posting information etc