

# The SHF 2016-2019 Grand Bargain Delivery



## 1. Summary

This document highlights major development within the Somalia Humanitarian Fund (SHF) since the 2016 World Humanitarian Summit (WHS) that have contributed to the implementation of the Grand Bargain commitments adopted at the Summit. During this period, the Fund has undergone significant transformation in term of management and strategic focus. It has regained the trust of donors and other stakeholders and has been repositioned as one of the most effective humanitarian financing mechanisms in the Somalia aid architecture.

## 2. SHF delivery against the Grand Bargain workstreams

### I. Greater transparency

With the strategic and operational prioritisation of its funds anchored in the inter-cluster system – at national and sub-national levels – funding recommendations of the SHF have always been based on collective prioritization, maintaining the SHF as one of the most inclusive and transparent funding mechanisms in the Somalia operation. An array of stakeholders is involved in the strategic prioritization – through the formulation of publicly

available strategies – and operational prioritization – determining who and why is selected for funding. The information and justification leading to funding decisions are recorded in real-time in the Fund's Grant Management System; and the results – including funded partners, projects, locations, number of people targeted and funding amounts – are made available publicly through the Country Based Pooled Funds (CBPF)'s Business Intelligence Portal at <https://pfbj.unocha.org>.

Since 2016, the SHF management has taken additional steps to communicate about the Fund's activities and priorities through the Fund's website ([www.unocha.org/somalia/shf](http://www.unocha.org/somalia/shf)), social media platforms such as Twitter ([twitter.com/shf\\_somalia](https://twitter.com/shf_somalia) and [twitter.com/OCHASom](https://twitter.com/OCHASom)) and Facebook ([www.facebook.com/OCHASomalia](https://www.facebook.com/OCHASomalia)) to further enhance transparency and accountability. The public and stockholders can obtain information on the fund management processes, detailed and up-to-date rules and regulation, and even follow implementing



partners that communicate about their activities. All stakeholders are encouraged to bring complaints regarding the SHF process or decisions to the attention of the SHF Manager and OCHA Somalia senior management through the confidential feedback email [shf-feedback@ochasomalia.org](mailto:shf-feedback@ochasomalia.org).

## II. More support and funding tools to local and national responders

Since 2017, the SHF has aimed for maximum efficiency by prioritizing direct implementation and support for non-governmental partners (NGOs), which have received more than 96 per cent of funds between 2017 and 2019. A distinct niche that the Fund has developed is supporting the localization of humanitarian response through local and national implementing partners, whose share of direct funding rose from 15 per cent (\$4.6 million) in 2016 to 38 per cent (\$21.7 million) in 2017 and 46 per cent (\$24.3 million) in 2018, by far exceeding the Fund's internal targets to channel at least 25 per cent of funds in 2017 and 30 per cent in 2018 to local and national NGOs. The increase in funding to local and national partners was consistent with the overarching objective of the Fund to support partners best-placed to implement activities in a timely, efficient and accountable manner.

The close work with local and national NGOs is valued as an investment in Somali solutions and capacity, also confirmed by independent studies.<sup>1</sup> Just in 2018, the SHF management organized 11 training sessions for partners at various locations in Somalia (Mogadishu, Garowe, Hargeisa, Baidoa), as well as in Nairobi (Kenya), focusing on building their capacity to design, manage and implement the SHF projects, ranging from programmatic to financial issues, compliance, operational modalities and risk management. More than 100 partners participated in trainings, of which 59 per cent were local and national, and 41 per cent were international non-governmental partners.

ELIGIBLE SHF PARTNERS, PER IP TYPE/YEAR



\* Number of NGOs receiving funding prior to the 2013 capacity assessment  
 \*\* Includes partners temporarily suspended due to compliance issues

While not a strategic objective of the Fund, capacity development of partners is, and will continue to be, essential to the Fund's effectiveness. Close partnership through trainings, partner-specific assurance activities and one-on-one exchange, which primarily aims at ensuring compliance with the Fund's standards and procedures, are all concrete examples of investment in the capacity strengthening and development of partners.

The Fund's accountability framework provides an incentive for partners to improve their performance, capacity and risk rating; at the same time, all partners that receive funding are provided seven per cent programme support costs as part of their grants, which they are strongly encouraged to invest in their staff and organizational development.

**Follow up action and next steps (2019/2020):** Building partnership with local and national partners will remain a top priority of for the SHF management through the Fund's financial support, as well as targeted trainings for partners collectively and on one-on-one basis. OCHA Somalia will also continue to advocate for an increased input from other stakeholders such as national clusters in support of high-quality delivery and participation of local and national partners in the SHF processes.

<sup>1</sup> See HPG Working Paper: Funding to local humanitarian actors - Somalia case study (2018)

### III. Increase the use and coordination of cash-based programming

Prioritization of cash as response modality, where appropriate, has been actively and strategically encouraged by the SHF through its allocation strategies since early 2017, although individual decisions on prioritizing cash intervention are placed within individual clusters and were guided by the local context analysis of the affected population, market function and as per harmonized cash transfer values by the Cash Working Group (CWG).

In 2018, at least 11 per cent of SHF 2018 allocations (\$5.5 million) were channelled as cash transfers as per the project budget analysis. Cash transfer modality was used in all allocation rounds in 2018 and was instrumental in responding to the critical needs of vulnerable populations affected by prolonged drought conditions and sudden onset flooding. In response to the food and security crisis in northern Somalia, integrated food security and nutrition projects partly provided cash transfers, primarily targeting women-headed households and families with children that had been discharged from therapeutic feeding centres. To augment response, the *cash plus* initiative was used where the cash benefit was supplemented with complementary activities, such as restocking of livestock, aimed at restoring livelihoods and boosting nutrition.

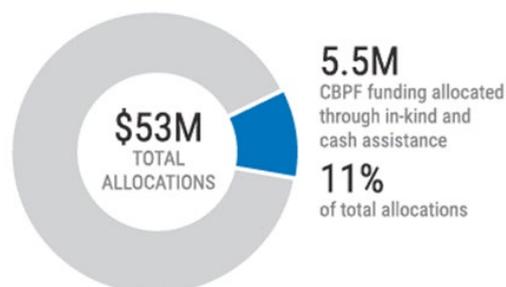
Follow up action and next steps (2019/2020): Measures have been taken to further improve the systematic tracking of SHF-funded cash-based assistance using Somalia cash 3Ws and the newly-introduced (2019) cash marker in the SHF Grant Management System; and *cash plus* programming will continue to be encouraged where feasible to cover immediate and longer-term needs.

### IV. Reduce duplication and management costs with periodic functional reviews

The drive for the management efficiency of the SHF has been driven by prioritization of direct implementation and elimination of sub-contracting, when and where feasible, and the gradual decrease in the costs of management of the Fund since 2016.

Direct implementation has been enshrined in the Fund's *allocation principles*,<sup>2</sup> a strategic document adopted annually by the Advisory Board, since 2017. This has been complemented by explicit guidance through the individual allocation strategies that sub-contracting is admissible only in exceptional cases, when the added value of sub-contracting is clearly demonstrated and budgeted for by the implementing partner. In addition, partners that are eligible to receive direct SHF funding cannot be sub-grantees of other SHF recipients.

#### ALLOCATION THROUGH IN-KIND ASSISTANCE



#### MANAGEMENT COST (HFU ACTUAL EXPENDITURE)

in million USD and as per cent of all utilised funds in 2018



<sup>2</sup> Available for download at [www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex04.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex04.pdf).

The SHF management costs, i.e. cost of directly financed OCHA Somalia Humanitarian Financing Unit (HFU), which manages the SHF on a day-to-day basis has stabilized at around 3 per cent of the annually utilized SHF funds (allocations, audits, programme support costs, HFU expenditure) in 2018, versus 4.5 per cent in 2016 and 1.9 per cent in 2017. The portions of the HFU cost plan not related to the procurement of accountability-related services, however, further decreased for the third consecutive year in a row in 2018 in a bid to further cut the SHF management costs and to increase the relative amount of funding for direct implementation of programmes.

It is worth noting that this goes against the backdrop of increase workload by fund management because of the Fund's shift in focus from supporting mostly UN agencies to supporting non-governmental organizations (97 percent in 2018) and drastically increasing its assurance and risk management activities. The focus on NGOs since 2017 and local/national partners, for example, led to the increase in the volume of transactions and other fund-management related processes, as well as in the significant increase of the Funds assurance activities – particularly monitoring and financial controls – and increased presence in Somalia, where personnel costs are considerably higher than in Nairobi. The fund management was only able to cope with this through internal management changes and streamlining work process, which yielded efficiency gains.

[Follow up action and next steps \(2019/2020\)](#): To remain fit for purpose and efficient, the cost and management structure is adjusted annually, also in line with the further gradual increase of staffing in Somalia, particularly related to the SHF accountability activities. The Fund's management also regularly undergoes evaluation and auditing exercises.<sup>3</sup>

## V. Improve joint and impartial needs assessments

The SHF relies on and empowers the Somalia cluster coordination system by placing cluster coordinators at the centre of prioritization and decision-making processes. Their involvement also promotes quality programming and value for money; and ensure that the Fund benefits from joint and impartial needs assessments within the Somalia operation.

The alignment with the Somalia Humanitarian Response Plan (HRP) priorities – derived from the collectively agreed and conducted Humanitarian Needs Overview – is ensured through translation of collective mechanisms in the SHF allocation prioritization process. Allocation rounds are accompanied by a prioritization framework that reflected inputs from individual clusters and the Inter-cluster Coordination Group (ICCG) collectively, benefiting from the latest available information on the ground. Using various needs assessments tools and severity mapping at the cluster level, clusters discuss and agree on the broader focus of the allocations and priority geographic targeting. The clusters' central role in allocation processes thus continues to enhance coordination, ensures targeted response to identified needs and promotes efficiency in response through supporting integrated programming.

[Follow up action and next steps \(2019/2020\)](#): The SHF management will respond to and take into consideration the outcomes of the ongoing 2019 review of cluster performance at sub-national and regional levels, with focus on further systematically integrating local and regional cluster support staff in the SHF strategic prioritization processes. Their understanding of the local operating environment and needs is invaluable for efficient prioritization the prioritization, including for addressing some system-wide observed challenges in the Somalia context (participation of women, marginalized communities and other vulnerable groups in prioritization and needs assessments). By elevating the need for partners and other stakeholders to clearly demonstrate how their suggested response will tackle these issues – through allocation strategies, strategic and technical review, but

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<sup>3</sup> The SHF was a focus of the external audit of OCHA Somalia by the UN Board of Auditors in 2018; a case study for the OCHA-contracted global evaluation of the country-based pooled funds (2019); and the upcoming 2019 internal audit by the UN Office of Internal Oversight Services (OIOS).

also monitoring follow-up – the SHF will have a catalytic effect in ensuring that the needs of the most vulnerable and marginalized groups are given the necessary attention.

## **VI. A participation revolution: include people receiving aid in making the decisions which affect their lives**

All SHF-funded projects have a plan on the Accountability to Affected Population (AAP) providing an opportunity for partners to mainstream AAP including embedding community participation and feedback mechanisms into the design of projects. Field monitoring visits include beneficiary consultations to assess community engagement in project implementation, verify complaint mechanisms in place and, where feasible, address barriers to beneficiary feedback/opinions. The importance of AAP in humanitarian response has been highlighted in all SHF allocation strategies since 2017, which have provided general guidance on AAP. Additionally, the Funds call monitoring services capture project implementation feedback from beneficiaries and proposes recommendations to strengthen programming and community participation.

The SHF has also historically funded projects and initiatives that promoted and provided systemic platforms to channel feedback from the affected population to inform humanitarian response. One such example was the 2017 support for Radio Ergo as part of the broader common feedback project, geared at increasing the accountability to drought-affected population through access to reliable, timely and accurate information that, in turn, helped affected population with making choices to develop their own survival strategies to recover and rebuild livelihoods.

[Follow up action and next steps \(2019/2020\)](#): The SHF management will, through trainings and guidance in the allocation strategies, continue to advocate for support to marginalised groups and encourage their inclusion in every stage of a project life-cycle; promote best practices to strengthen AAP with the assistance of all SHF stakeholders; and explore future partner outreach opportunities to mainstream and enhance AAP in all SHF-funded projects.

## **VII. Increase collaborative humanitarian multi-year planning and funding**

The SHF donors have been systematically encouraged to provide multi-year contribution commitments to ensure greater predictability and continuity in humanitarian response. The Fund has, since 2019, provided partners with opportunities to apply for funding for projects beyond the duration of 12 months.

During the period 2016-2019, three donors provided funding commitments of two years or more (Ireland and Sweden for 2018 and 2019; and Switzerland for 2019 to 2021), with additional two donors looking into options to do so.

The 2019 revision of the SHF Operational Manual formally enabled partners to apply for funding beyond the period of 12 months. While this can only be done in exceptional cases and subject to a strong justification, this represents an attempt by the SHF to promote longer-term humanitarian interventions when there is a sufficient rationale to do so. For the projects longer than 12 months, the SHF will not cover full management components, but only cover specific programmatic activities beyond 12 months (maintenance, monitoring, community participation etc.) with the overall objective to support the sustainability of funded interventions.

[Follow up action and next steps \(2019/2020\)](#): The SHF will systematically survey and monitor the pilot projects that go beyond 12 months to collect evidence supporting the added value of longer duration of projects; and

develop further guidance (per cluster) when such modalities should be considered. The SHF management will also develop advocacy points for donors’ internal use on the benefit and added value of multi-annual contribution commitments.

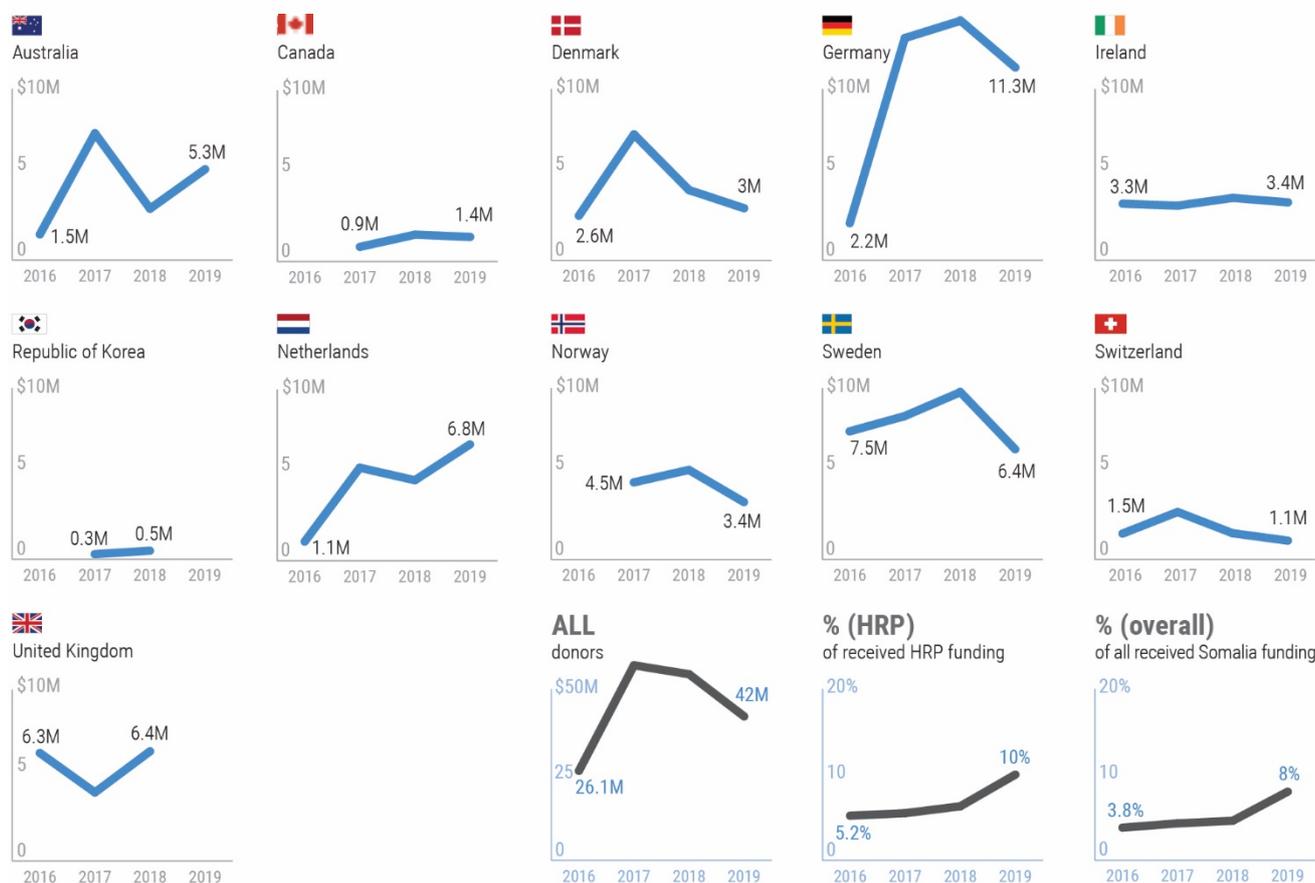
### VIII. Reduce the earmarking of donor contributions

As a multi-donor trust fund, the support for the SHF contributes directly to the reduction in earmarking of resources and provides flexibility to humanitarian partners in Somalia to direct funding where it is needed the most.

After its peak contribution year in 2011 (\$99.7 million), contributions to the SHF (then Common Humanitarian Fund) were declining until 2016 (\$26 million) but increased substantially in 2017 (\$56.9 million), in support of the famine prevention operation and following the Fund’s repositioning and changes in management. The positive trend was maintained in 2018 with only a minor decrease compared to the previous year (\$54.3 million) in absolute terms, but a relative increase against the overall humanitarian funding for Somalia: by end-2018, contributions to the SHF accounted for 6.3 per cent of the received Somalia HRP funding; and 4.9 per cent of all humanitarian resources made available for the Somalia operation. This demonstrates a consistent increase in the SHF’s share in the Somalia operation since 2016.

**Follow up action and next steps (2019/2020):** Continue to advocate with the existing and new SHF donors to channel more funding for the Somalia operation through this unearmarked funding mechanism, which not only provides an efficient solution for donors but also allows them to benefit from its robust accountability framework to extend their reach and exploit its comparative advantage in supporting Grand Bargain commitments.

#### CONTRIBUTION TRENDS (2019 data as of 21 July)



## **IX. Harmonize and simplify reporting requirements**

The SHF and other CBPFs have championed harmonized and simplified reporting requirements by being an early adopter of the harmonized reporting template (“8+3 template”), which was rolled out as a pilot in the Somalia operation in 2018.

The SHF also supports harmonized donor reporting through publishing an Annual Report, which follows the consolidated format for CBPFs globally. It is worth noting that the consolidated template for CBPFs’ annual reports, which was introduced in 2018 (for 2017 reports) followed very closely the SHF annual report format from 2016. The consolidated format of the annual report decreases the reporting burden by donors on the Fund management and enables the SHF and other CBPFs to report on the management and funds’ achievements in a streamlined and comparable manner, closely following the guidance provided by the global Common Performance Framework for CBPFs.

[Follow up action and next steps \(2019/2020\)](#): OCHA Somalia will conduct an internal lessons review of the experience with the new (“8+3”) reporting format and explore the opportunities to better consolidate and reflect the quantitative data on issues related to the impact of projects and the Fund on the different needs of women, men, boys, girls, and other vulnerable and marginalized groups.

## **X. Enhance engagement between humanitarian and development actors**

Humanitarian needs in Somalia are largely driven by conflict, climatic shocks and underlying factors such as marginalization, weak governance and limited access to basic services. While climate-related drivers of needs call for scaling up of household and infrastructure resilience approaches that are consistent with development programming, political instability and insecurity hinder adequate investments in resilience and development in many parts of the country. This presents a challenge for humanitarian partners that are, due to their operational presence, often expected and requested to address issues that go beyond their immediate mandate and overstretch the limited resources available for life-saving humanitarian action.

The SHF has, in line with the systemic measures that are aimed at reducing reliance of communities and partners on humanitarian funding when it comes to addressing the recurrent humanitarian drivers, introduce some measures to contribute to more sustainable programming and to address the underlying causes of humanitarian needs by adjusting their programming towards sustainable and more cost-efficient solutions.

Despite the danger to overstretch the available humanitarian resources – the SHF, as the focused humanitarian funding mechanisms, is not immune to this –, the opportunities exist to adjust the funded response and gear it towards greater sustainability. For example, in areas where humanitarians are responding to severe water shortages with the SHF funding, such as Baidoa in South West State, development partners have drilled boreholes funded through other sources; another example of the SHF supporting sustainable programming and promoting longer-term solutions has been its support for drilling and equip strategic boreholes.

An important component of the SHF, when acting in complementarity with CERF and other funding sources, is its flexibility to support recovery through stimulating partners to opt for interventions that have durable solutions, sustainability and recovery components. Clusters, agencies and partners are consistently encouraged to consider sustainable solutions in their programming when and where possible. For example, in 2018 in Sool and Sanaag part of the SHF funding was used to drill and equip strategic boreholes, which not only contributed towards sustainable access to safe water, but also ensured cost effectiveness compared to water trucking.

[Follow up action and next steps \(2019/2020\)](#): Clusters and agencies will continue to be encouraged to take a proactive role in guiding their implementing partners on how sustainable solutions can be prioritized while continue to deliver against meeting the most urgent humanitarian needs in accordance with the basic humanitarian principles.

### 3. Conclusion

The humanitarian operation in Somalia has embraced the Grand Bargain commitments not because they were mandated but because they were necessary, particularly during the famine prevention effort of 2017. Since 2016, OCHA Somalia has positioned the SHF as the best vehicle to deliver holistically against the Grand Bargain commitments– through enhancing the transparency of its operations; inclusive participation of humanitarian stakeholders in the prioritization of SHF funds; increased support and funding for local and national responders; gearing up cash programming; simplifying reporting requirements by adapting the harmonised reporting modalities; and boosting community participation at various stages of the SHF projects cycles.

The Fund continues to focus on providing immediate life-saving response to humanitarian crisis but has – on an exceptional and case-by-case basis – supported longer term activities and solutions that address chronic needs, achieve cost-efficiencies and maximize the impact of response. Significant efforts have been made to advocate for multi-year funding that allows for better planning of operations, but the donor buy-in has, admittedly, been limited. The SHF also remains one of the best-placed mechanism in Somalia to support the agreed objective of reduction of earmarking of donor contributions in support of the rapid, coordinated and efficient humanitarian response.