



OCHA

United Nations Office
for the Coordination of
Humanitarian Affairs

Yemen Humanitarian Fund Operational Manual

June 2020

TABLE OF CONTENTS

Contents

1. Introduction	5
1.1 Purpose	5
1.2 Scope	5
2. Objectives of the Yemen Humanitarian Fund	6
2.1 Overall objectives	6
2.2 Focus of the Yemen Humanitarian Fund	6
3. Governance	7
3.1 Humanitarian Coordinator	7
3.2 Advisory Board	8
3.3 OCHA’s Humanitarian Financing Unit	9
3.4 Cluster Coordinators	9
3.5 Implementing Partners	10
3.6 Review Committee	10
3.6.1 Strategic Review	10
3.6.2 Technical and financial review	11
4. Allocation modalities	12
4.1 Eligibility	12
4.1.1 UN eligibility	12
4.1.2 NGO and Red Cross/Red Crescent eligibility	12
4.2 Allocation criteria:	13
4.3 Grant Duration	13
4.4 Allocation steps (or workflow)	13
4.4.1 Standard Allocation	13
4.4.2 Reserve Allocation	15
5. Accountability	16
5.1 2020 Risk Management framework	17
5.2 Risk-based grant management	26
5.2.1 Eligibility Process	26
5.2.2 Performance Index (PI)	28
5.2.3 Operational Modalities	30
5.2.4 Compliance Measures	32
5.2.5 Common Performance Framework (CPF)	32
5.3 Monitoring	33
5.3.1 Monitoring objectives	33

5.3.2	Roles and Responsibilities	34
5.3.3	Process and Monitoring Tools	34
5.4	Reporting	36
5.4.1	Partner reporting	36
5.4.2	YHF Annual Reports and Periodic Updates	36
5.5	Audit	37
5.5.1	OCHA Operations Audit	37
5.5.2	Project Audits	37
5.6	Accountability to Affected Populations	38
5.7	Complaint mechanism and Appeals Process	38
6.	Administration of CBPFs	38
6.1	Budget preparation principles	38
6.2	Guidelines on requesting project changes	39
6.3	Project closure	39
7.	Additional information	40
8.	Contact information	40
9.	Review date	40
10.	Annex 1: Asset Management Guidelines	41
11.	Annex 2: Financial and Budget guidelines	42
12.	Annex 3: Beneficiary Verification Mechanism	46
13.	Annex 4: Beneficiary feedback and complaint mechanism	48

Acronyms

AB	Advisory Board
AAP	Accountability to Affected Populations
BoA	Board of Auditors
CBPF	Country-Based Pooled Fund (formerly Funding Coordination Section – FCS)
CERF	Central Emergency Response Fund
CPF	Common Performance Framework
EO	Executive Officer
GMS	Grant Management System
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HFU	Humanitarian Financing Unit
HoO	Head of Office
HPC	Humanitarian Programme Cycle
HQ	Headquarters
IASC	Inter-Agency Standing Committee
ICA	Internal Capacity Assessment
ICC	Inter-Cluster Coordinator
ICCM	Inter-Cluster Coordination Mechanism
IOM	Internal Organization for Migration
NCE	No-Cost Extension
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
OIOS	Office of Internal Oversight Services
OM	Operational Manual
PI/PPI	Performance Index / Partner Performance Index
RC/RC	Red Cross / Red Crescent
RRM	Rapid Response Mechanism
SRC	Strategic Review Committee
TPM	Third Party Monitoring
TRC	Technical Review Committee
UNDP	United Nations Development Programme
YHF	Yemen Humanitarian Fund
YHRP	Yemen Humanitarian Response Plan

1. Introduction

1. The Yemen Humanitarian Fund (YHF) is a multi-donor Country-Based Pooled Fund (CBPF) established in 2015 with the aim of ensuring coordinated, timely, strategic, and flexible funding to humanitarian organizations working to address the most critical needs of millions of people affected by the humanitarian crisis in Yemen. Funding is available to a wide range of humanitarian actors operating in the framework of the Yemen Humanitarian Response Plan (YHRP). Funding decisions are made in-country in consultation with the humanitarian community, ensuring collective ownership of the emergency response and prioritization by those closest to people in need. The YHF is managed locally by the United Nations Office for the Coordination (OCHA) under the leadership of the Humanitarian Coordinator (HC).

1.1 Purpose

2. The Operational Manual for the YHF outlines the governance arrangements, allocation modalities and priorities, and accountability mechanisms of the Fund, as well as the roles and responsibilities of the stakeholders involved. This Manual is issued by the HC and endorsed by the Advisory Board (AB) to guide implementing partners and facilitate the role of all stakeholders by:
 - Providing clarification and instructions for all stakeholders involved in the management of the YHF on effective management and governance practices;
 - Describing the steps and requirements of the allocation processes with the aim of enhancing timely and strategic allocation decisions;
 - Providing an overview of the general direction and programmatic focus of the YHF.

1.2 Scope

3. This Manual is designed within the framework provided by the Operational Handbook for Country-based Pooled Funds¹, which describes the global set of rules that apply to all CBPFs worldwide. The present document defines the country-specific regulations that govern the YHF and adapts specific aspects of the global regulations to the humanitarian context in Yemen. Adherence to the guidance provided in the two documents is mandatory to ensure standard and transparent processes.

¹ https://www.unocha.org/sites/unocha/files/Operational_Handbook_for_OCHA_CBPFs_Version1.2.pdf

2. Objectives of the Yemen Humanitarian Fund

2.1 Overall objectives

4. The YHF has three overall objectives:

- To improve the humanitarian response by increasing the extent to which funding is allocated to priority humanitarian needs through an inclusive and coordinated process at the field level.
- To strengthen the leadership of the HC.
- To contribute to the delivery of the YHRP within the context of the Humanitarian Program Cycle (HPC).

5. Further, the YHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between Clusters and humanitarian organizations. As such, the Fund contributes to enforce the technical recommendations of clusters and working groups, in line with the strategic objectives of the YHRP².

2.2 Focus of the Yemen Humanitarian Fund:

6. The YHF will continue consolidating its crucial role as an efficient funding instrument addressing the critical humanitarian needs of the Yemeni people. It will remain a major tool for supporting a coordinated response. The 2019 YHRP requirement stood at \$4 billion. The funding target for the year 2020 will be \$100 million, this representing 2.8 per cent of the total funding received in 2019. The YHF 2020 will launch at least one standard allocation which will depend on the HNO/HRP process. The HC will use the reserve modality for responding immediately to emergency or for covering critical gaps.

7. During 2020, the YHF will focus on the same priorities as in 2019:

- **Covering critical gaps in the operation, as identified by the HC and HCT.** In support of this, the YHF will use standard allocations to support projects which address critical gaps in cluster strategies, and which expand coverage in remote and hard-to-reach areas.
- **Promoting integrated programmes in districts with extreme levels of multiple vulnerabilities.** In support of this, the YHF will prioritize support for multi-cluster initiatives in IPC Level 3, 4 and 5 districts and other high-risk districts as determined through assessments.
- **Addressing new priorities, as identified by the HC and Humanitarian Country Team (HCT).** In support of this, the YHF will use reserve allocations to fast-track support for projects which address emerging priorities.
- **Building the capacity of front-line national partners in line with commitments made in the Grand Bargain.** In support of this, the Humanitarian Financing Unit will assist national partners during all stages of the allocation process through monthly clinics, training and mentoring.
- **Expanding evidence-based programming and ensuring that the partners best able to provide services receive funding.** In support of this, all allocation decisions will be based on cluster defenses where cluster coordinators will present the steps they have taken to ensure projects meet strategic and technical criteria.

² <https://reliefweb.int/report/yemen/2019-yemen-humanitarian-response-plan-january-december-2019-enar>.

- **Strengthening risk management.** In support of this, the YHF has updated its risk management framework and its Accountability Framework in line with the Operational Manual and global CBPF Handbook.
8. In Yemen, 11 Clusters are activated within the humanitarian response: Coordination, Education, Emergency Telecommunications, Food Security and Livelihood, Health, Logistics, Refugees and Migration, Nutrition, Protection, Shelter/NFIs, Camp Coordination and Management and Water Sanitation and Hygiene. The Rapid Response Mechanism (RRM), though not a cluster, is considered as a project on its own. The YHF will focus on supporting first-line activities addressing the dire humanitarian needs through an integrated approach across all Clusters across all Clusters through Standard Allocations.
 9. Allocation Strategy Papers will outline priority interventions to be funded through both, the Standard and the Reserve allocation windows of the YHF.
 10. Interventions supported by the YHF are to be in line with basic humanitarian principles of humanity, neutrality, impartiality and independence.

3. Governance

11. The activities of the YHF will be carried out under the overall stewardship of the HC. The HC will be supported by an Advisory Board (AB) and an OCHA-led Humanitarian Financing Unit (HFU) fulfilling the YHF's secretariat functions. The YHF AB will be chaired by the HC and will welcome the senior-level participation of donors, UN organizations (in their capacity as cluster lead agencies) and NGO representatives. Cluster coordinators play a key role in prioritization, as well as project review at both a strategic and technical level.

3.1 Humanitarian Coordinator

12. The HC leads the overall management and oversight of the YHF as detailed in the Operational Handbook for CBPFs, supported by the OCHA Head of Office, the OCHA HFU, and advised by the YHF AB.
13. The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, supported by OCHA and advised by the YHF AB. Key responsibilities of the HC are:
 - Leading the process at country level of establishing and closing of the CBPF.
 - Approval of direct cost for HFUs.
 - Approving, reviewing and updating the CBPF Operational Manual that is prepared based on the global operational Handbook.
 - Chairing the AB and providing strategic direction for the CBPF.
 - Leading country-level resource mobilization for the fund supported by the AB, OCHA Country Office and in coordination with relevant OCHA entities at HQ.
 - Approving the use of and defining the strategic focus and amounts of fund allocations.
 - Ensuring that the AB and strategic and technical review committee(s) function in accordance with the guidelines outlined in the global operational Handbook.
 - Making final decisions on projects recommended for funding. This responsibility is exclusive to the HC and cannot be delegated. Funding decisions can be made at the discretion of the HC, without a recommendation from the AB, for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the review committee(s).

- Approving projects and initiating disbursements.
- Ensuring complementary use of CBPF funding with other funding sources, including the CERF.

3.2 Advisory Board

14. The AB is a governance body with an advisory function that supports the HC to steer the strategy and oversee the performance of the YHF. The final decision-making authority rests entirely with the HC, who is the chair of the AB.
15. The AB supports the HC in developing an overall strategy and overseeing the performance of the YHF. The AB is consulted on key aspects of the management and strategic direction of the YHF, including allocation strategies, the Common Performance Framework, resource mobilization and any other major decision taken by the HC related to the Fund. The AB also reviews direct costs of the Fund prior to HC approval.
16. Key responsibilities of the AB include:
 - **Strategic focus:** The AB supports the HC in ensuring that the main objectives of the Fund are met. The AB reviews and advises the HC on strategic elements of the Fund such as the allocation strategies, the operational manual and project selection. The scope and objectives of the YHF, outlined in this operational manual, will be reviewed at least once a year. The AB advises the HC in setting funding targets and support resource mobilization efforts.
 - **Risk Management:** The AB supports the HC and the OCHA Country Office in undertaking periodic risk analyses and reviewing a risk management plan of the fund in accordance with the Risk Management Framework. The Framework on pages 16-21 has been updated accordingly.
 - **Transparency of overall process:** The AB monitors the fund processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the fund abides by established policies.
 - **Review of operational activities:** The AB monitors the operational performance of the Fund, providing advice to the HC, including through an annual review and endorsement of the Common Performance Framework.
17. The composition of the AB is determined based on consultations between the HC, the HCT, contributing donors and NGOs, as outlined below. It ensures equitable representation of the key stakeholders to the Fund (Donors, UN agencies, NGOs and OCHA).
18. The YHF AB is composed of 15 members. Observers can be invited on an ad-hoc basis by the HC or by the AB:
 - The HC chairs the AB.
 - The OCHA Head of Office acts as a permanent member.
 - The Fund Manager performs secretariat functions.
 - 4 donor representatives elected by YHF donors for one-year term.
 - 4 UN representatives with Cluster responsibilities elected by and from YHF eligible UN Agencies for one-year term.
 - 4 NGO representatives elected by and from their peers for one-year term with representation of national actors.

19. AB members should not act in their individual capacity but represent their broader constituency. AB members must be at the senior leadership level (head of agency, etc.). Board members make a commitment to attend all AB meetings, to provide comments by email or on online platforms as required and should be authorised by their constituents to make decisions during AB meetings.
20. A minimum quorum of two thirds of the members (10 people) is necessary to go ahead with a meeting of the AB.
21. Nomination process and rotation: Members are expected to commit to a one-year participation; renewal of membership should be discussed with their respective constituency should they want to stay as a member of the AB for an additional year. OCHA/HFU should be notified of any upcoming election/nomination process, as well as of the outcome. The rotation plan will be determined by the HC in consultation with the AB.
22. The AB holds, 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.

3.3 OCHA's Humanitarian Financing Unit

23. The Humanitarian Financing Unit (HFU) is responsible for the daily management of all programmatic and financial aspects of the CBPF on behalf of the HC and under the supervision of the OCHA HoO, in coordination with OCHA CBPF Section. The OCHA HFU executes HC decisions and organizes the process of allocating funds according to the Handbook and the Yemen operational manual. The three main functions of the HFU are summarized as follows:
 - Management of CBPF operations and policy advice to the HC and OCHA HoO.
 - CBPF Project Cycle Management.
 - Implementation of the CBPF Accountability Framework adhering to the existing Monitoring Modalities.

Detailed responsibilities can be found in the global Handbook.

3.4 Cluster Coordinators

24. Cluster coordinators support YHF at two levels: (i) at a strategic level, cluster leads should ensure that there are linkages between the fund, the HRP and cluster strategies; and (ii) at an operational level, cluster coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects.
25. The Cluster coordinator and co-coordinators will undertake the following activities in relation to the YHF:
 - Facilitate all YHF related processes in consultation with cluster partners;
 - Establish needs-based priorities for IHPF funding in consultation with cluster partners;
 - Facilitate cross-cluster coordination;
 - Lead a process to transparently identify, review and recommend priority humanitarian projects for funding based on agreed overall cluster priorities and strategies and document these processes;

- Defend cluster strategies and proposal during YHF allocation rounds;
- Ensure quality and timely submissions of all related cluster materials;
- Promote the systematic use of relevant standard indicators for projects;
- Participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework endorsed by the HC;
- Review and recommend revision requests when technical or strategic input is required;
- Input technical comments in the Grants Management System (GMS) during the allocation review process;
- Train and build capacity of cluster partners (national and international) on YHF procedures.

3.5 Implementing Partners

26. In relation to the YHF, implementing partners have the following responsibilities:

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

3.6 Review Committee

27. The Review Committee(s) are responsible for the strategic and technical review of the project proposals submitted for YHF submitted for YHF funding. Considering the high number of projects received for each Allocation and when relevant, the Strategic Review Committees (SRC) will do a first screening of the submitted project proposals before they go to the technical review. OCHA/HFU will take part in decision making, and support review committees in discharging their functions.

3.6.1 Strategic Review

28. Strategic Review Committees (SRC) are called by each Cluster to review project proposal submitted by YHF-eligible partners. Cluster Coordinators support OCHA/HFU in the process by identifying members based on technical expertise and commitment to dedicate time for reviewing project proposals prior the SRCs and for

attending the SRCs. Clusters will send the list of SRC members as soon as an Allocation is launched. Clusters are encouraged to share the workload between several technical experts in particular for larger Allocations.

29. For each Cluster, the SRC shall consist of the following six (6) members as minimum:

- Cluster Coordinator (chair) or Cluster co-chair
- One OCHA/HFU representative (as process leader) and one as secretariat³
- One UN representative
- One INGO representative
- One NNGO representative

30. In addition, Cluster Coordinators support OCHA/HFU by ensuring pertinent Cluster information is available in a timely fashion to allow the SRC to deliver on its functions, including providing input for the scorecard and Cluster specific technical criteria which will be used to assess strategic relevance of project proposals.

31. A single scorecard will be used for each Allocation, to score all projects including multi-cluster projects.

32. Each SRC members should be familiar with the Yemen Operational Manual.

33. In the specific case of a Reserve Allocation, the process will be lighter with at least three (3) members reviewing the proposed projects. It shall consist of:

- Cluster Coordinator (chair) or Cluster co-chair
- One OCHA/HFU representative (as process owner) and one as secretariat
- One UN or NGO or INGO representative

3.6.2 Technical and financial review

34. A list of projects, vetted by the SRC, is submitted by OCHA/HFU for consideration and approval to the HC. Only these projects will be technically reviewed.

35. The objective of the technical review process is to ensure that proposals are of the highest possible quality before final approval by the HC. The Technical Review Committees (TRC) are comprised of groups of technical experts, per Cluster, that review project proposals according to their technical merit and the appropriateness of budget provisions. Sufficient time and effort have to be dedicated, ensuring that substandard projects are improved or rejected.

36. The technical review stage includes financial review by OCHA Finance (OCHA/HFU and OCHA HQ). The financial review is part of the technical review, so that programmatic and financial feedback can be compiled by OCHA/HFU and shared with the applicant jointly.

37. The technical review process involves two-way communication between the review committee and the proposing organization. Partners will be able to re-submit project proposals upon receiving written comments through the technical review process.

³ OCHA/HFU organizes the SRC, calls for meetings, ensures the objectivity of the SRCs, compiles recommendations and fills the scorecard.

38. Cluster Coordinators will input and clear technical comments on the GMS.
39. Based on past practice and as required by the scope of the allocation, the strategic and technical review committees may be merged into one.

4. Allocation modalities

40. The YHF has two types of allocations; Standard and Reserve. The Standard Allocation process is used to support targeted priorities within the HRP. The Reserve Allocation is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies, or contextually relevant needs.

4.1 Eligibility

41. Donor contributions to the YHF will be utilized to fund projects carried out by:

- UN Organizations (UNOs)
- National and international Non-Governmental Organizations (NGOs)
- Others (organizations of the International Red Cross and Red Crescent Movement)

4.1.1 UN eligibility

42. In order to become eligible for funding from the YHF, United Nations agencies can contact the yemenhpf@un.org who will advise on the next steps. UN agencies are required to provide name and contact information for the focal point(s) and the legal representative of the organization, address of main office, and bank information.
43. Once the registration and due diligence form duly filled out has been submitted, OCHA will proceed with its review and approval. Approval of the registration form by OCHA determines the eligibility of the UN agency.

4.1.2 NGO and Red Cross/Red Crescent eligibility

44. OCHA, as the Managing Agent, will carry out a due diligence process and an assessment of the capacity of potential NGO implementing partners. The outcomes of the due diligence and capacity assessment processes will determine the partner's eligibility, and the risk level of the partners considered eligible. The risk rating will in turn influence the control mechanisms (Operational Modalities) that apply to the management of the partner's grants, as described in the Operational Handbook for CBPFs.
45. The process for due diligence is described in detail in the Operational Handbook for CBPFs. The procedures that will be utilized to assess the capacity of implementing partners in the context of the YHF are described in section 5.2 of this manual.

4.2 Allocation criteria:

46. The review and approval of project proposals is made in accordance with the programmatic framework and focus described earlier and based on the following criteria:

- Partner eligibility and capacity: verified through a due diligence and capacity assessment process, with due diligence information updated at the time of the allocation;
- Strategic relevance: clear linkage to the strategic and Cluster-specific objectives of the YHRP, compliance with the priorities outlines of the Allocation Strategy;
- Access: proven access and/or physical presence to areas of operation; the location of the project is clearly identified;
- Needs-based: the identified needs are well explained and documented with a recent needs-assessment (unless a sudden onset disaster makes it impossible to conduct a thorough needs assessments), and beneficiaries are clearly described;
- Appropriateness: the activities are adequate to respond to the identified needs;
- Technical soundness and cost effectiveness: the proposal meets technical requirements to implement the planned activities; and the budget is fair, proportionate in relation to the context, and adequate to achieve the stated objectives;
- Intervention logic: a sound logical framework, linked to objectives of the YHRP and the standard activities and indicators provided by the Clusters;
- Risk management: assumptions and risks are comprehensively and clearly spelled out, along with risk mitigation strategies;
- Monitoring: a realistic monitoring and reporting strategy is reflected in the proposal.

4.3 Grant Duration

47. Implementation of projects funded by the YHF should not exceed twelve (12) months from the project start date as indicated in the final approved project documents. Project pre-financing will be limited only to the budgeted costs (of the approved project proposal) incurred in the interim period between the Project's approval start date (first possible start date is the date when the HC and the Partner have both signed the Grant Agreement) and the date of actual cash disbursement to the recipient project.

48. If necessary, implementing partners can request project revisions and/or no-cost extension to re-program and/or extend the duration of the grant. On an exceptional basis and for clear operational reasons, the HC can approve a project revision extending the total duration of the project to a maximum of 15 months or more under exceptional circumstances.

4.4 Allocation steps (or workflow)

4.4.1 Standard Allocation

49. The Standard Allocation process will be used to channel most of the funds and will support targeted priorities within the YHRP. The YHF will aim to fund large allocation of at least USD 50 million. The indicative timeline below considers such large allocations.

Step 1: Allocation Strategy development		
1.1	OCHA/HFU, in consultation with the OCHA's Inter-Cluster Coordinator (ICC) and OCHA Hubs, prepares Allocation basic parameters which will be discussed with the AB (strategic priorities, criteria, process and timeline).	1 week
1.2	Cluster Coordinators define their strategies	2 weeks
1.3	AB meets to endorse Clusters' strategies and sets overall cluster envelopes	1 working day
1.4	OCHA finalises Allocation strategy (includes consultation with OCHA HQ)	1 working day
1.5	HC review and AB endorsement of strategy	2 working days
1.6	HFU launches allocation on behalf of HC	1 working day
Step 2: Submissions of project proposals		
2.1	Eligible partners submit proposals through the GMS	12 working days
2.2	Proposals are vetted by OCHA/HFU (eligibility of partner, template/criteria compliance, duplication of proposals, etc.) and shared with clusters and hubs	2 working days
2.3	Clusters and Hubs read projects proposal in preparation of the Strategic Review Committees (SRCs)	4 working days
Step 3: Strategic review		
3.1	Cluster SRCs use GMS-based unified allocation scorecard for projects in their respective clusters/sectors	5 working days
Step 4: Preliminary approval by HC		
4.1	OCHA/HFU prepares SRC recommendations for AB review remotely or via AB meeting	3 working days
4.2	Recommended projects are submitted to HC for pre-approval. AB may feedback to HC/HFU at meeting or via email.	3 working day
Step 5: Technical and financial review		
5.1	Partners are informed of AB/HC pre-approval or rejection	1 working day
5.2	Cluster Technical Review Committees (TRCs), OCHA HQ/CBPF, OCHA/HFU and gender/protection advisor(s) conduct technical and financial review of pre-approved projects	17 working days
5.3	HFU shares consolidated budget and technical feedback with partner	
5.4	Proposal revised - if the project does not meet quality standards thereafter, it is rejected	
Step 6: Final approval by HC		
6.1	OCHA/HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner	10 working days
6.2	HC approves project and signs Grant Agreement	
6.3	Partner counter-signs Grant Agreement	
6.4	OCHA HQ/EO signs Grant Agreement which is uploaded as final in GMS	
Step 7: Disbursement		

7.1	OCHA HQ/CBPF actions disbursement ⁴	10 working days
-----	------------------------------------------------	-----------------

4.4.2 Reserve Allocation

50. The Reserve Allocation modality will be used for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies or to cover critical gaps. No specific percentage of funds is set aside for the Reserve. Instead, a decision will be made by the HC, in consultation with the AB, determining what amount of funds should be set aside. These funds, not programmed during the Standard Allocation, will constitute the Reserve.

Step 1: Allocation Strategy development		
1.1	OCHA prepares Allocation Strategy (strategic priorities, criteria, process and timeline) in consultation with OCHA's Inter-Cluster Coordinator (ICC) who gets inputs from the ICCM. For Reserve Allocations, e-mail communication may be used in lieu of a full Allocation Strategy Paper.	2 working day
1.2	HC review and AB endorsement (possibly remote in case of time issues) of strategy	
1.3	OCHA/HFU launches strategy on behalf of HC (Allocation Strategy Paper or email notification)	
Step 2: Submissions of project proposals		
2.1	Eligible partners submit proposals	5 working days
2.2	Proposals are vetted by OCHA/HFU (criteria compliance, duplication of proposals, etc.)	
Step 3: Strategic and Technical review		
3.1	OCHA/HFU and STRC review projects for strategic and technical relevance using GMS-based simplified scorecard	7 working day
3.2	Consolidated feedback shared with partner	
3.3	Proposal revised – if the project does not meet quality standards thereafter, it is rejected	
Step 4: Final approval by HC		
5.1	HC approves projects	4 working days
5.2	OCHA/HFU notifies AB of HC-approved project portfolio and comments/concerns are relayed back to HC	
5.3	OCHA/HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner	
5.4	HC signs Grant Agreement	
5.5	Partner counter-signs Grant Agreement	
5.6	OCHA HQ/EO signs Grant Agreement which is uploaded as final in Grant Management System	
Step 6: Disbursement		

⁴ National partners will receive their initial disbursements through UNDP which could delay the process.

6.1	OCHA HQ/CBPF actions disbursement	10 working days
-----	-----------------------------------	-----------------

The above timeline applies to Reserve Allocation processes under USD 15 million or with fewer than 10 proposals to review. An additional 5 working days will be added for larger Reserve Allocations to allow more time for steps 2 and 3.

5. Accountability

51. Accountability is the foundation for effective CBPF management. It is exercised through a set of different components that enable the HC, mandated by the ERC, to ensure that: (i) implementing partners are delivering intended programmatic results; (ii) the CBPF is managed responsibly and according to established guidelines; and ultimately (iii) the CBPF is achieving its main objectives.
52. Accountability of the YHF is articulated on two levels. The first measure of accountability is the ability of the Fund to achieve its objectives as a humanitarian financing mechanism. The HC is responsible for establishing a process which produces high-quality allocation strategies, selects appropriate and qualified implementing partners, monitors implementation and verifies that reported results are genuine and match those of approved project agreements. Second, accountability relates to the ability of individual implementing partners to achieve expected project outputs and outcomes. Implementing partners are ultimately responsible for project activities, project outputs and for reporting accurately on results.
53. To this end, OCHA prepares an Accountability Framework consisting of four pillars that enables the HC to ensure that implementing partners are delivering intended programmatic results; the YHF is managed responsibly and according to established guidelines; and, ultimately, that the IHPF is achieving its main objectives. The pillars are:
- Fund-level risk management
 - Due diligence, capacity assessment and performance review
 - Monitoring and reporting
 - Auditing and evaluation
54. The Accountability Framework, once endorsed, will define how and when partners will be assessed and selected as YHF partners, what will be monitored and reported on, how and when audits will be carried out, who is responsible for each pillar of accountability, what key actions will be taken, and what resources are necessary for ensuring overall accountability.
55. The HC, through OCHA/HFU, will take progressive actions to address non-compliance with any requirement stemming from the accountability framework or the relevant contractual agreements (see Annex 15 of the Global Handbook).

5.1 2020 Risk Management framework

56. Risks in the context of the YHF are not limited to organisations that receive funding and implement projects. Risk management covers the full range of risks that may affect the achievement of the Fund’s objectives. In this light, risks have been identified, analyzed and categorized by severity according to relative likelihood and potential impact on Fund objectives. Mitigation strategies are designed, and assigned to specific stakeholders. This analysis represents a management tool which enables the HC, supported by the AB, to ensure strategic decision making and guarantee that the YHF remains relevant in the context in which it is operating. To this end, OCHA HFU has developed a detailed fund-level risk management framework that broadens the definition of risk beyond programmatic and financial risks associated with implementing partners and identifies the key factors of risks faced by the Fund in the national context.

Table 1: Risk Identification and Management Matrix

Risk	Likelihood	Impact	Treatment	Mitigation strategy	Timeframe	Risk owners	Costing
Risk category 1: Context / Delivery							
<i>Risk drivers: Decreasing access to people most in need and shrinking humanitarian space</i>							
<i>Risk 1: YHF partners and contractors have limited access to geographical locations of Yemen due to violence, insecurity.</i>	Almost Certain	Major	Accept	<p>Increased information sharing with OCHA's Access and Deconfliction teams.</p> <p>HC negotiations with parties to the conflict.</p> <p>YHF partners engage with parties to the conflict and immediately inform OCHA when facing constraints to enable OCHA to assist.</p> <p>OCHA's engagement with authorities</p>	In place	Partners, HC, OCHA	No cost
<i>Risk 2: Partners and contractors face interference with the delivery of humanitarian work, staff recruitment, procurement process, bureaucratic impediments, taxation, including unprincipled legislation and decrees.</i>	Almost Certain	Major	Reduce, Transfer	<p>HC, donor negotiations with authorities.</p> <p>HFU reiterates CBPF rules and procedures to authorities and partners.</p> <p>Limit allocations in scale and scope where interference is less obvious.</p> <p>Review partners' risk mitigation approaches at proposal stage and during monitoring.</p>	Ongoing Recurrent	HC, AB, OCHA	No cost
<i>Risk 3: Partners face interference with the independent selection and verification of beneficiaries and cannot guarantee impartial delivery of assistance</i>	Almost Certain	Major	Reduce, Transfer	<p>HC, donor negotiations with authorities.</p> <p>HFU reiterates CBPF rules and procedures to authorities and partners.</p> <p>HFU seeks cluster's inputs before allocations to guide partners on beneficiary selection and verification</p>	Ongoing Recurrent	HC, AB, OCHA, clusters	No cost

<p><i>Risk 4: UN downsizing of staff/direct security threats to UN and NGOs staff.</i></p>	Likely	Major	Reduce	<p>The HFU in Yemen has strengthened the capacity of its team overall and has recruited additional national staff to ensure business continuity in case of evacuation of International Staff to Amman, or a general lowered ceiling for, international staff.</p> <p>OCHA/HFU has built strong partnerships with service providers (2 Third Party Monitoring (TPM) and External Audit). Beneficiary Feedback Mechanism has been set up.</p> <p>At least one OCHA/HFU staff is considered at programme criticality 2.</p> <p>All YHF partners have been requested to comply with MORSS and MOSS standards and regulations.</p>	<p>In place</p> <p>In place</p> <p>In place</p>	OCHA, HFU	\$500,000 / year
<p><i>Risk 5: Intimidation of humanitarian partners and YHF contractors.</i></p>	Likely	Major	Accept	<p>Triangulate information between different monitoring modalities before taking compliance measures.</p> <p>HC advocacy with parties to the conflict</p>	In place	OCHA, HFU	No cost
<p><i>Risk 6: Procurement of essential goods is delayed, and supplies cannot move into the country due to closure of main airports, seaports, lack of fuel, market collapse and/or bureaucratic impediments.</i></p>	Likely	Major	Reduce	<p>The HFU collaborates closely with YHF partners on tracking how YHF-funded projects are affected by procurement constraints to enable HC and OCHA senior management to provide reliable impact analysis to authorities.</p> <p>The HFU support YHF partners to maintain a buffer stock in place in the country.</p> <p>The HFU continues to explore innovative project implementation modalities as alternatives to</p>	<p>In place</p> <p>Ongoing</p> <p>Ongoing</p>	UN Agencies, HCT, OCHA	No cost

				current modalities, and support contingency plan efforts.			
<i>Risk 7: Covid-19 pandemic causes massive disruption in aid delivery, with YHF partners temporarily reducing their footprint, HFU team unable to perform field visits and TPM/audit companies resorting to desk reviews only</i>	Almost certain	Major	Reduce, Accept	The HFU identifies the minimum oversight mechanisms it can continue to apply which will include increased beneficiary remote calls and desk review instead of field monitoring, desk reviews for financial spot-checks and audits	As the situation warrants	HC, AB, OCHA, partners	No cost if it replaces TPM field work
Risk category 2: Financial and Accountability							
<i>Risk drivers: The economic crisis, unpaid salaries, level of corruption in the country and lack of monitoring access</i>							
<i>Risk 8: YHF partners show weaknesses in financial management, limited monitoring capabilities or weak internal controls.</i>	Likely	Major	Reduce, Transfer	<p>Revise minimal eligibility requirements and adjust the operational modalities.</p> <p>Accountability Framework is continuously reviewed, strengthened and adjusted to the context, to identify shortcomings and areas of improvement. Capacity development efforts to be developed based on findings revealed in monitoring visits, project audits and financial spot-checks.</p> <p>A second TPM company has been hired, and Remote Call Monitoring and Financial Spot-Check modalities implemented. All draft audit reports are reviewed before being shared with partners as early warning measure.</p> <p>Select strongest partners during allocations</p>	<p>In place</p> <p>In place</p> <p>Ongoing</p>	OCHA /HFU	<p>Dedicated Compliance staff</p> <p>\$500,000 / year</p>

				Strengthen information sharing with UN agencies on partners' weaknesses and potential compliance concerns			
<i>Risk 9: Aid diversion</i>	Likely	Major	Accept	<p>The HFU to continue developing strong relationships with partners to identify drivers of aid diversion and strengthens information sharing with UN agencies</p> <p>Continue to strengthen monitoring, project audit, financial spot-checks to identify triggers and red flags that show potential aid diversion. Continue quarterly monitoring analysis and annual audit analysis of findings.</p> <p>Complaint hotline introduced in late 2019 for beneficiaries. Complaints mechanisms in place and analysed by TPM and HFU.</p> <p>Train partners on risk management</p> <p>Consider forensic audit when warranted</p>	<p>In place</p> <p>In place</p> <p>In place</p> <p>To Do</p> <p>In place</p>	OCHA/HFU/Partners	No cost
<i>Risk 10: Disruption of banking system in Yemen due to lack of liquidity/Disruption of available cash to YHF partners/Exchange rate irregularities.</i>	Likely	Major	Reduce	<p>OCHA has established local disbursement system through UNDP Yemen to pay NGOs with bank account within the IBY (International Bank of Yemen). Grants are paid in USD and implementation modalities can be adjusted.</p> <p>Local procurement can be done in US\$ or YER.</p> <p>HFU to offer guidance to partners on the GA requirements on exchange rate irregularities.</p>	<p>In place</p> <p>In place</p> <p>In place</p>	Partners, HFU	No cost

				Verification of exchange rate during financial spot-check since mid-2019 and strengthening of audit analysis through an annual review of findings	In place		
<i>Risk 11: Lack of access to project locations and interference from DFA and governmental entities to perform assurance modalities results in a loss of deterrence over potential fraudulent partners, and impacts our ability to credibly identify and verify allegations.</i>	Likely	Major	Reduce, Accept	Increase use of complaint hotlines and remote monitoring and audit	In place	OCHA/HFU/Partners/TPM	Limited cost
				Increase referrals to OIOS	In place	OCHA	No cost
				Increase allocations to UN agencies and low-risk partners	To do if needed	OCHA/HC/AB	No cost
Risk category 3: Governance and management							
<i>Risk drivers: Deterioration in Fund's overall reputation and funding.</i>							
<i>Risk 12: Donor fatigue, pledges not paid, lack of donor interest and willingness to accept risks</i>	Possible	Major	Accept	YHF has an annual Fund strategy and resource mobilization strategy discussed and endorsed by the AB. HC / HoO and Fund Manager engage with YHF donors on regular basis. HFU continues to demonstrate ability to manage the Fund in an adaptable, flexible manner quickly adjusting to changing financial environment.	December 2019 Ongoing Ongoing	HC / OCHA /OCHA/HFU	No cost
<i>Risk 13: Inadequate commitment and lack of active participation among key actors on the AB.</i>	Possible	Major	Reduce	HFU to ensure transparent communication to all stakeholders. HFU to ensure that Clusters are closely engaged in the planning, and execution of allocations.	In place Ongoing	OCHA/HFU / HC	No cost

Risk category 4: Strategic and programmatic

Risk drivers: The YHF funding target of USD 100 million attracts attention from too many stakeholders.

<p><i>Risk 14: Loss of strategic focus and subsequent limited impact if allocations support too many priorities and/or are not coordinated with other stakeholders.</i></p>	Possible	Major	Reduce	<p>YHF aligns its interventions with the YHRP and channels most of the funds through Standard Allocations based on cluster priorities and clear allocation strategies.</p> <p>The Advisory Board is consulted on a regular basis and makes sure that the objectives of the YHF are followed.</p> <p>OCHA/HFU is engaging with other donors to better coordinate humanitarian assistance and to develop exit strategies.</p>	<p>In place</p> <p>Ongoing</p> <p>Ongoing</p>	<p>HC / OCHA /OCHA/HFU / Advisory Board</p>	No cost
<p><i>Risk 15: Poor quality programming resulting from inability to conduct assessments and appropriate monitoring activities</i></p>	Possible	Moderate	Reduce	<p>AB ensures that allocations meet operational priorities and are based on a comprehensive needs assessment.</p> <p>HFU trains partners on program cycle management and consults with clusters on high-impact projects.</p> <p>Field monitoring and TPM findings are part of partners’ capacity building.</p>	<p>In place</p> <p>In place</p> <p>In place</p>	<p>OCHA, AB, Partners, Clusters</p>	No cost
<p><i>Risk 16: Violations of human rights, humanitarian principles and SEA are conducted by YHF partners.</i></p>	Possible	Major	Reduce	<p>HFU disseminate YHF complaints and reporting mechanisms to partners and beneficiaries.</p>	Ongoing	OCHA, HFU	No cost
<p><i>Risk 17: IPs engage in SEA</i></p>	Possible	Major	Reduce	<p>Train YHF partners on PSEA with GenCap advisor to measure level of awareness and understanding of the issue.</p>	<p>Q1 2020</p> <p>Ongoing</p>	OCHA, HFU	No cost

				Monitoring to review IPs' PSEA procedures and Code of Conduct. HFU disseminate YHF complaints and reporting mechanisms to partners and beneficiaries	Done		
Risk category 5: Coordination and Partnership <i>Risk drivers: Effectiveness of the humanitarian coordination system vis-à-vis the operation and management of the Fund</i>							
<i>Risk 18: Difficult working relationship with national/local government authorities, included related to late sub-agreement signatures and as reflected in the clusters' accountability framework</i>	Almost Certain	Major	Accept	OCHA/HFU engages with YHF partners to identify common challenges that can be raised with OCHA senior management / HC to enable informed negotiations with authorities. OCHA/HFU will track implementation challenges relating to sub-agreement approval with authorities.	In place In place	HFU/OCHA HoO / HC / OCHA office / YHF partners	No cost
<i>Risk 19: Low programmatic and administrative absorption capacity of YHF partner organizations.</i>	Likely	Major	Reduce	YHF will support projects to improve the capacity of local partners. Implement partner capacity review and risk rating and use results of assessment to apply appropriate compliance measures. Joint HFU/Clusters monitoring visits. Review procurement process/allocations	In place Annual Ongoing To do	YHF / OCHA / Clusters	No cost
Risk Category 6: Internal <i>Risk drivers: Operational environment does not allow the full-fledged implementation of CBPF policies and procedures.</i>							

<p><i>Risk 20: Poor administrative efficiency and Human Resource Management (e.g. high staff turnover, insufficient staff and staff lacking required skill sets).</i></p>	Possible	Moderate	Reduce, Avoid	<p>AB approved HFU cost plan in a timely manner.</p> <p>HFU uses surge mechanisms to fill staffing gaps.</p> <p>HQ/Admin expedite recruitment process in light of visa application process.</p>	<p>In place</p> <p>Ongoing</p> <p>Ongoing</p>	OCHA/HFU/ AB	
<p><i>Risk 21: Independent YHF assurance modalities are hampered by a restrictive operating environment.</i></p>	Likely	Major	Accept	<p>YHF has 2 TPM and 2 audit companies contracted. Need for expansion of pool of contractors as a mitigation measure.</p> <p>Use UN agencies' LTA for audit</p> <p>YHF is contributing to two P4 OIOS staff following up on CBPF fraud cases</p>	<p>Q1 2020</p> <p>Q2 2020</p> <p>Ongoing</p>	OCHA/HFU/HC, AB	Possibly

5.2 Risk-based grant management

57. Partner risk analysis is carried out by analyzing partner capacity which determines eligibility. Eligible partners are rated according to risk based on assessed capacity. The risk level is translated into minimum control mechanisms (operational modalities) applicable to the grants issued to the partner. Over time, as partners receive funding and implement projects, risk ratings will increasingly be determined by partner performance and will be assessed annually or when requested by the AB.
58. Risk-based grant management serves two main functions. Firstly, it aims at improving the management of YHF projects by matching grant management and oversight requirements with assessed risk. Low risk partners are subject to fewer controls than medium or high-risk partners, and are also eligible to manage more funds at a given time. Secondly, risk-based management helps partners identify areas for improvement and provides tangible incentives for capacity building, in turn allowing for a wider range of partners, especially national NGOs, to access funds more easily.
59. The partner-based risk analysis only applies to NGO partners. These entities are not part of the UN system and do not have the legal standing of UN agencies. UN agencies are intergovernmental organizations that are accountable to UN Member States. Each UN agency has its own governance and control framework which applies also to their management of CBPF grants.
60. Eligible partners are rated as: (i) High Risk, (ii) Medium Risk, or (iii) Low Risk. Risk levels determine the minimum set of control mechanisms applied throughout the grant management cycle. As a partner implements projects, its risk level will be determined by its Performance Index (PI) score described in section 5.2.2.

5.2.1 Eligibility Process

61. All organizations that are interested in becoming a partner of the YHF must participate in the Eligibility Process. The process is designed to determine whether an organization has the institutional, managerial, financial and technical expertise to implement humanitarian projects. A separate Eligibility Process Guidance Document with detailed descriptions of the process and requirements is available on the OCHA Yemen Website.
62. The Eligibility Process has three separate steps each with its own function:
- **Step 1: Registration/Expression of Interest through a call of interest:** Determines whether an organization meets the minimum requirements to undergo a full assessment
 - **Step 2: Due Diligence/GMS Registration:** Provides the organization access to the online Grant Management System (GMS) and due diligence information is reviewed
 - **Step 3: Internal Capacity Assessment:** Assesses the risk level of the organization through a desk review of submitted documents and a visit to its office(s)

Step 1: Registration/Expression of Interest

63. Based on prior consultation with the AB and cluster coordinators, the HFU will organize calls of interest to invite interested organisations to submit their applications.
64. All organizations that wish to engage in eligibility process and send a registration request to the YHF must first ensure that all minimum requirements are met. The minimum requirements are related to the institutional, managerial, financial and technical capacity of the organization as well as legal registration. The Humanitarian Financing Unit (HFU) has compiled these minimum requirements to ensure that global OCHA and local requirements are met, but also to manage interested organizations' expectations, as partners who do not meet the requirements would not be able to pass the full Internal Capacity Assessment (ICA). The minimum requirements include:
- Registration Certificate of the NGO (in Yemen and/or home country for international NGOs);
 - Recommendation letter of at least one cluster recognizing the minimum technical capacity of the partner for implementing humanitarian projects;
 - NGO's programmatic expenditure/budget of the last twenty-four (24) months should be equal or more than US\$ 200,000 per annum;
 - Operational bank account. Bank account information (i.e. name of Organization) should be identical with declared organizational information;
 - Over two years registered with Yemen authorities for National partners or over two years registered in another country for International partners.

Further information if available at: <https://www.unocha.org/yemen/eligibility>.

65. Once an organization has ensured that the minimum requirements are met, the organization must submit a registration form as well as supporting documents. Once HFU has verified that the minimum requirements are met through a review of the documents submitted, the organization is invited to move to Step 2.

Step 2: Due Diligence/GMS Registration

66. When an organization has passed Step 1, then it will be provided with an account in the YHF's Grant Management System (GMS). In this step of the process the correct name of the organization (often a translation from Arabic) is determined together with the partner, based on registration, bank information and constitution, and an account in that name is opened in the GMS. Subsequently, staff members must register as users in the GMS, and the organization is given three weeks to submit all the information needed for the due diligence process as well as the ICA. All the required documentation for the ICA is compiled in a checklist available on the OCHA Yemen website. Once users are registered in the GMS, a small training is offered to all partners (in person or via telephone) to introduce them to the GMS module where documents are uploaded.

Step 3: Internal Capacity Assessment

67. When the Due Diligence Information has been approved by the HFU, the ICA can be planned with the partner. The assessment includes a desk review of the documents submitted by the organization as well as a visit to one or more of the organization's offices by the HFU's finance and programmatic staff.
68. ICA global questionnaire is used to conduct the assessment and it is hosted in the Grant Management System. The assessment captures and scores key elements of partner capacity in the following categories: a) Due

Diligence; b) Governance and Institutional Capacity; c) Programmatic Response Capacity; d) Coordination and Partnership Capacity; and e) Financial Capacity. The outcome of the assessment will determine the eligibility of the Organization (Eligible or Ineligible). The minimum threshold to become eligible has been set at 50 points out of 100, with at least a score of 75% on section e) financial capacity.

69. All organizations are informed of the outcome of the assessment via email in which an overview of findings and recommendations are provided regardless of the eligibility status.

70. Capacity Assessment Scoring with threshold and risk levels.

<u>Organization Score (in percentage)</u>	<u>Recommendation</u>
≥86 – 100	<u>Organization is eligible as a Low Risk partner.</u>
≥66 – 85	<u>Organization is eligible as a Medium Risk partner.</u>
≥50 – 65	<u>Organization is eligible as a High-Risk partner.</u>
0 – 50	<u>Organization is not eligible. A new capacity assessment can be considered by the YHF twelve (12) months after this review date.</u>

5.2.2 Performance Index (PI)

71. The PI tool is a key part of the YHF Accountability Framework and it allows the YHF to have an up to date rating of partner’s performance. The rating of the performance of partners of implementing projects will be used alongside the original capacity assessment and contextual factors to determine and adjust as necessary the partner risk levels.

72. The PI tool has been developed to support the Humanitarian Financing Unit (HFU) to score the performance of partners on supported projects from submission to closeout. 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 scores assigned to each project on the above categories will be summarized in a Performance Index (PI).

73. The PI score is captured in the GMS and is used along with the original capacity assessment score to determine the performance score and risk level of a YHF partner. 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. 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. If the overall risk score of a partner reaches a threshold at which the risk level of the partner should be adjusted, the Fund Manager will be notified automatically through the GMS.

74. Eligible partners that have not implemented YHF-funded projects for more than three consecutive years will be required to undergo a new capacity assessment.
75. 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 based on poor performance. Ineligible partners can re-apply for capacity assessment one year after being rendered ineligible, if they can demonstrate that the elements that caused the poor performance have been addressed.
76. UN Agency projects must also be scored for performance in all areas except for the audit. The PI score can be used to assess future funding decisions and frequency of monitoring.

5.2.3 Operational Modalities

Risk level	Project duration (months)	Project value (thousand USD)	Maximum amount per project* (thousand USD)	Disbursements (in % of total)	Financial reporting*			Narrative reporting*		Monitoring*		Audit
					For disbursements	31 January	Final	Progress	Final	Project Monitoring	Financial spot check	
NGOs												
High	Less than or equal to 6	≤ 250		60-40	Yes	Yes	Yes	1 mid	Yes	1	1	Projects will be audited by an external company
		> 250	500	50-50	Yes	Yes	Yes	1 mid	Yes	1	1	
	Over 6 and up to 10	≤ 250		40-40-20	Yes	Yes	Yes	2	Yes	1	1	
		> 250	500	40-30-30	Yes	Yes	Yes	2	Yes	2	1	
		> 500	750	30-30-40	Yes	Yes	Yes	2	Yes	2	1	
	Over 10 and up to 12	≤ 250		40-40-20	Yes	Yes	Yes	3	Yes	2	1	
		> 250	500	40-30-30	Yes	Yes	Yes	3	Yes	2	1	
		> 500	750	30-30-40	Yes	Yes	Yes	3	Yes	2	1	
	Medium	Less than or equal to 6	≤ 250		100	-	Yes	Yes	1 mid	Yes	-	
> 250			900	60-40	Yes	Yes	Yes	1 mid	Yes	1	1	
Over 6 and up to 12		≤ 250		80-20	Yes	Yes	Yes	1 mid	Yes	1	-	
		> 250	1,250	40-40-20	Yes	Yes	Yes	1 mid	Yes	1	1	
		> 1,250	2,000	40-30-30	Yes	Yes	Yes	1 mid	Yes	2	1	
Low	Less than or equal to 6	≤ 400		100	-	Yes	Yes	-	Yes	-	-	
		> 400	2,000	80-20	Yes	Yes	Yes	-	Yes	1	1	

Over 6 and up to 12	≤ 400		100	-	Yes	Yes	1 mid	Yes	-	-
	> 400	2,500	80-20	Yes	Yes	Yes	1 mid	Yes	1	1
	>2,500		60 -40	Yes	Yes	Yes	1 mid	Yes	2	1

UN Agencies

N/A	Less than 6	-	-	100	-	Yes	Yes	-	Yes	1**	-	No
	Over or equal 6 and up to 12	-	-	100	-	Yes	Yes	1 mid	Yes	1**	-	

Total USD Ceiling of Active Grants:

For HIGH risk partners: An individual NGO with a high-risk rating can hold a maximum total amount of \$1.5m in active grants at any one time. Active grants are calculated as grants under implementation at the time of an allocation (estimated date of grant agreement signature as per Allocation Strategy timeline). Partners who have exceeded that ceiling will have to ensure previous grants have either been closed or under final reporting or auditing before they can request additional funds. A second grant will be dependent on a rate of ‘good performance’ in the most recent assurance/modality activity and/or the finalisation of at least one audit of a YHF project. Partners who have not had an audit finalised will need to have one before applying for a new grant. High risk partners cannot receive funding for procurement.

Remarks: High Risk partners which have never implemented a YHF project can apply for a maximum amount of \$0.5m (total grants) the first time.

For MEDIUM risk partners: Partners with more than \$5m in cumulative grants at any given time will only be eligible to apply for additional grants upon finalization of at least one audit of a YHF project. The outcome of the audit may impact on partner’s eligibility for a specific allocation.

Remarks: First time medium Risk partners can apply for a maximum amount of \$1.5m (total grants) the first time, 2 grants maximum.

* Minimum requirements. In light of the impact of the Covid-19 pandemic, the allocation strategy will identify potential flexibility in reporting deadlines. Access to certain parts of the country may lead to a greater reliance on desk reviews rather than physical monitoring activities.

** Monitoring of UN agency projects is mandatory according to the new 2017 CBPF global guideline and is described in the monitoring section of this guideline. A monitoring visit will be systematic if the UN agency has a grant equal to or over \$3m.

5.2.4 Compliance Measures

77. Through the aforementioned accountability mechanisms, the HC will aim to safeguard programmatic and financial management of CBPFs. Compliance measures enables the HC to address non-compliance with the legal terms agreed between the fund and the recipient organization, especially related to the following types of situations:

- Overdue financial or narrative reports.
- Non-refund of unspent and ineligible funds.
- 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, etc.).
- Critical findings from monitoring and financial spot checks.
- Violation of humanitarian principles and code of conduct⁵.
- Indication of possible fraud, corruption or misuse of funds.

78. OIOS performs internal audits of OCHA, and adheres to the single audit principle, whereby it cannot audit UN funds and programs which have their own internal audit function. OIOS and BoA audits regularly cover OCHA management of pooled funds and consider whether procedures for management of CBPFs are appropriate. These audits cover all parts of the CBPFs (ABs, allocations, risk management, etc.), look at compliance with rules and guidelines and are publicly available.

79. When a partner does not comply with the requirements described in this handbook and reflected in the contractual agreement or violates any other obligations stemming from the contractual agreement OCHA will progressively take corrective actions commonly referred to as compliance measures (Annex 15, Compliance Measures). In line with the single audit principle, donors and member states should not carry out additional audits and should respect the single audit principle to avoid duplication of efforts, minimize disruption and costs to all parties and conflicting recommendations that could result in widespread confusion and misunderstanding of CBPF operations.

80. The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework described above or in relevant contractual agreements, the HC, through OCHA, will take progressive actions to address the partners' behavior. Solutions will be pursued as and when deemed appropriate by OCHA.

5.2.5 Common Performance Framework (CPF)

81. The Common Performance Framework 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. The CPF will enable management and stakeholders involved in the governance of the Funds to identify, analyze and address challenges in reaching and maintaining a well-performing CBPF.

⁵ See GA Res 46/182 and <https://cdu.unlb.org/UNStandardsofConduct/CodeofConduct.aspx>

82. The tool is built on five fundamental principles that guide the management of CBPFs and the manner by which they achieved the strategic objectives of improving the response, strengthening leadership and ensuring better coordination and resourcing of humanitarian plans. The CPF applies a set of twenty indicators based on the five principles to measure the fund performance (Inclusivity, Flexibility, Timeliness, Efficiency and Accountability & risk management).
83. The twenty indicators will be published as part of the annual report and an annual review of achievements will be presented to the AB.

5.3 Monitoring

84. YHF implementing partners (UNs and NGOs) are expected to have adequate internal mechanisms for project management, reporting and monitoring. The capacity of each organization will be verified during the eligibility process, the project approval process as well as during the monitoring and reporting phase. All recipient organizations, UN agencies and NGOs, are subject to monitoring by the fund. While the requirement will not be identical, the YHF recognized that the HC needs reassurance of project performance, regardless of the implementing entity.
85. In order to achieve the objective of project monitoring as defined in the new CBPF global guidelines, the YHF will use a set of tools to ensure adequate monitoring based on the monitoring capacity of the different entities and the local context. The monitoring plan is defined prior the signature of the Grant Agreement in line with the Fund Operational Modalities. Additional monitoring can be decided during project implementation phased on an ad hoc basis. Monitoring frequency will be defined as per the operational modalities.
86. Monitoring is defined as the systematic and regular process of collecting, verifying and triangulating information to assess progress made against project outputs and activities; bearing in mind accountability to affected populations and donors. Information gathered is used to make informed decisions and strengthen partnership and coordination.

5.3.1 Monitoring objectives

87. The main purpose of monitoring is to assess progress made towards set targets and to verify the accuracy of reporting submitted by partners. YHF monitoring and reporting activities have the following key objectives:
- Verify partner progress in delivering of project outputs and activities (as per log frame and work plan), the beneficiary targeting process, the use of resources (as per budget) and internal monitoring and reporting systems.
 - 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.
 - Strengthen partnership and coordination between OCHA, the partner and the local authorities, and to engage and seek feedback from affected communities.

5.3.2 Roles and Responsibilities

88. The HC is responsible for ensuring that a representative sample of CBPF-funded projects are effectively monitored through appropriate monitoring modalities. The HFU is further responsible for coordinating monitoring efforts and ensuring that monitoring of projects is carried out.
89. The HFU shall calculate the expected costs of monitoring and reporting activities based on the target and timeframe. These costs shall become part of the HFU cost plan, and are a direct cost of the fund.
90. The HFU coordinates and participates in field monitoring visits and should work closely with clusters in devising procedures related to monitoring. A monitoring plan should be developed by the HFU at the time allocation decisions have been made. The monitoring plan may be adjusted depending on changes in the operational context and information gathered through reporting. The following are the key responsibilities of the HFU in terms of monitoring:
- Developing and maintaining a comprehensive monitoring plan which reflects the minimum requirements of the operational modalities.
 - Working with cluster coordinators and co-coordinators in ensuring that monitoring is undertaken in close coordination with other cluster monitoring activities.
 - Developing terms of reference and contracting external expertise for third party monitoring or remote monitoring as required.
 - Undertaking field site monitoring missions in line with the monitoring plan in cooperation with OCHA sub-offices.
 - Reviewing and analyzing information collected through monitoring activities and reporting.
91. Minimum monitoring arrangements for projects implemented by RC/RC Movement and NGOs will be determined based on the risk level assigned to the partner, the duration of project activities and the size of the project budget as articulated in the operational modalities of CBPF.
92. According to the 2018 CBPF Operational Handbook, the monitoring of UN projects is mandatory. UN Agencies are expected to follow the monitoring process proposed when submitting a project proposal (monitoring section of the project proposal) and should provide HFU with the monitoring report during project implementation. Monitoring actions should be clearly defined in the project workplan at project proposal submission stage. HFU can decide to monitor a project implemented by a UN agency if the UN agency does not provide monitoring reports or in case the submitted report does not provide enough reassurance on the project implementation. Lastly, a monitoring visit will be required if the agency has received a grant equal or over \$3 million.

5.3.3 Process and Monitoring Tools

93. Taking into consideration that partners' project management systems is the backbone of monitoring, one of the objectives of CBPF monitoring tools is to provide an additional level of verification of project results. Partners describe the tools they intend to use for project monitoring in the project proposal.

94. The monitoring plan should describe what type of monitoring tools that will be used to satisfy the minimum standards set out in the operational modalities. The following represent the most commonly used monitoring tools in CBPFs to date.

95. Field site monitoring: implemented by OCHA and supported by clusters, field site monitoring is a critical component of the overall framework to verify that CBPF-funded projects are delivering against targeted outputs, and to allow the HC and clusters to assess the qualitative aspects of programme implementation. As there are limitations to what can be observed through site visits, additional information will still need to be collected through other means. While field monitoring will not attempt to make evaluative assessments of projects, it will be essential to select an approach that covers issues beyond the delivery of project outputs. Field monitoring visits should, at a minimum, collect information that: (i) makes an assessment of the timeliness of the overall project implementation, (ii) verifies reported results, and (iii) assesses progress on key project activities.

In addition, the YHF HFU monitoring team will visit partners' offices to assess the quality and methodology of ongoing YHF projects, focusing on quality control. These visits aim at raising awareness on the importance of monitoring during HFU evaluation, ensuring that partners adhere to the monitoring standards they have proposed, especially when projects include sub-implementing partners. During the visits, HFU commits to submit comments and methodology on how partner monitoring modalities can be improved.

96. Third Party Monitoring (TPM): TPM is considered as one of the monitoring approaches suitable for YHF due to limited access in the majority of governorates and districts within Yemen but also, to avoid monitoring gaps as the considerable size of the fund does not allow OCHA and cluster staff to conduct all the required monitoring visits. This approach enables the YHF to obtain independently verified information on the status of implementation of CBPF projects (mainly in high risk areas), with particular emphasis on the achievement of project outputs. The approach combines field visits and desk reviews of available fund-related documentation (e.g., project proposals and any other relevant information/documentation). The focus of third-party monitoring is to verify that contracted activities are being implemented and associated outputs are delivered.

97. Remote Call Monitoring (RCM): Remote call monitoring can be a cost-effective means of collecting statistics and recording observations from key informants and beneficiaries on the assistance provided and the process involved in delivering assistance and beneficiary satisfaction. In Yemen HFU has introduced RCM towards the end of 2018 and has been using it to conduct Beneficiary Verification Surveys (BVS). YHF RCM is run from call centers operated by TPM service providers and trained call center staff conduct BVS interviews with assisted beneficiaries using structured survey questionnaires. When necessary, the RCM can also be included for an OCHA-initiated field monitoring report to strengthen the outcomes of a field visit report. (See Annex 3).

98. Financial Spot Check: Financial spot checks will be conducted to assess the soundness of the internal controls and the accuracy of the financial records of the partner. A financial spot check should be conducted based on the risk level of the partner and the operational modality of the Fund. On-site financial spot checks by HFU staff and special audits by audit firms may be conducted on the basis of Operational Modality, or when warranted due to concerns about the functioning of the partner's internal controls. It is advisable at least one spot check per partner per year to be conducted.

5.4 Reporting

5.4.1 Partner reporting

99. Narrative and financial reporting requirements for NGOs and UN Agencies are determined according to the Operational Modalities (OM) described above and in-line with the CBPF global guidelines and submitted in the GMS. Individual reporting requirements for each project can be found under Annex B of the project Grant Agreement for NGOs.

Progress Narrative report	Final narrative report	Interim financial statement	Final financial report
NGO			
According to OM	Within 2 months of completion of the project	To be submitted to OCHA to release the disbursement of the next instalment at any time once 70% of the previously received funds have been spent. By 31 st January covering expenditures up to 31 st December of the previous year, unless exempted according to Grant Agreement Article X/3.	Within 2 months of completion of the project
UN			
According to OM	Within 2 months of completion of the project	By 15 th February (every calendar year until the submission of the final financial report) to reflect expenditure incurred for project activities up to 31 st December of the previous year.	Upon completion of the project covering the period between inception and completion of the project due no later than 30 June of the following year

5.4.2 YHF Annual Reports and Periodic Updates

100. The HC, supported by OCHA/HFU and in close consultation with the Cluster Coordinators, will prepare a narrative Annual Report to report on the Fund performance in relation to its strategic objectives (including links with YHRP, strengthening of HC, promoting partnership with NGOs and strengthening of coordination system). The Annual Report will report on fund allocation and achievement by Clusters, and will feature trends, best practices, lessons learned and challenges, and showcase success stories and achievements.

101. OCHA/HFU will publish a range of public information products, including dashboards (quarterly, allocation-specific, and thematic), human interest stories, and monitoring reports.

5.5 Audit

102. Audit will be conducted according to global Operational Handbook for CBPF. The Audit will be conducted by the approved audit service provider.

5.5.1 OCHA Operations Audit

103. Internal UN oversight bodies (OIOS – Office of Internal Oversight Services and the BOA - Board of Auditors) regularly audit OCHA operations.

5.5.2 Project Audits

104. **Audit of UN Organizations:** Participating UN Organizations 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 (agreed to by the Internal Audit Services of Participating UN Organizations and endorsed by the UN Development Group (UNDG) in September 2007).

105. **Audits of NGOs:** NGO implemented projects will be audited in compliance with applicable financial regulations, rules and directives as per OCHA CBPF Grant Agreement. The costs of such an exercise will be borne by OCHA. One or several external auditing companies will be contacted by OCHA to deliver on the financial and operational audit requirements of NGO partners. The audit process will be as follow:

106. Once the final financial report is cleared by CBPFs Finance in New York, the audit process will be triggered, and the system notification will be sent out to partner copying HFU team:

- OCHA/HFU Finance focal point informs the partner by email about the start of the audit as soon as the plan is agreed with audit firm.
- The auditors will get in touch with partner to agree on field visit to partner office and then share the final plan with OCHA/HFU.
- After the conduct of the audit, the audit firm shares the draft report with partner for soliciting their management response. If there is a critical finding, the auditor should immediately inform OCHA/HFU for further advice prior getting back to partner. The partner has one week to provide the management response to audit firm.
- The audit firm shares the final draft report for OCHA/HFU review after receiving the partner feedback.
- Once the report is reviewed/finalized by OCHA/HFU, the audit firm issues the final signed audit report both to partner and OCHA/HFU.
- OCHA/HFU uploads the report on GMS for CBPF Finance clearance.
- Once the report is cleared by CBPF Finance and all dues (refund or disbursement) are processed, the project will be closed by OCHA/HFU on GMS.

107. OCHA/HFU will keep a log of all audit findings that may potentially expose OCHA to high risks. This is to ensure that partners address previous findings on management weaknesses before applying for new YHF funding. The audit performance will feed into the Performance Index of an implementing partner which will impact the risk level of NGO partners.

108. OCHA/HFU may also recommend the HC to trigger a specific audit during project implementation, if OCHA/HFU has reasonable concerns about the implementation of a project.

5.6 Accountability to Affected Populations

109. All YHF stakeholders are strongly encouraged to abide by the five Commitments to Accountability to Affected Populations of the IASC (Leadership/Governance, Transparency, Feedback/Complaints, Participation, Design Monitoring and Evaluation). Organizations are required to have a feedback/complaints mechanism at the project level, in which community members can raise concerns to staff not involved in the project and this can be done anonymously.
110. At the project proposal stage, implementing partners are asked to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. YHF reporting and monitoring procedures will seek to verify how this has been applied throughout project implementation. This will include, for the projects that will be monitored, making an assessment of the level of participation and access to information by project beneficiaries and complaints mechanisms.

5.7 Complaint mechanism and Appeals Process

111. During the project implementation and reporting, if needed, the HC, through the HFU, will take progressive actions to address non-compliance with the contractual agreements and any obligations described in the global operational handbook. The measures enable the HC to address non-compliance with the legal terms agreed between the Fund and the recipient organization, especially related to the types of situations detailed under paragraph 75. See Annex 4 for details on the YHF feedback and complaint mechanism.
112. Stakeholders with insufficiently addressed concerns or complaints regarding processes or decisions can at any point in time contact OCHA/HFU using the YHF complaints email (yemenhpfcomplaints@un.org). Complaints will be compiled, reviewed and raised to the HC, who will then take a decision on necessary action(s). The HC will share with the AB any proven cases and actions taken thereof.
113. As part of its continuous engagement towards accountability to affected people, the YHF has enhanced its Beneficiary Complaints and Feedback Mechanism (BCFM) to include a toll-free number. The mechanism gives beneficiaries an opportunity to provide their feedback and complaints regarding the implementation process and assistance received from YHF funded projects. In addition to our existing complaint email: yemenhpfcomplaints@un.org, anyone can directly call the free hotline number **8001234 or WhatsApp 776266696** operated by a Third-Party Monitoring (TPM) service provider contracted by OCHA. OCHA's TPM service provider abides by the [UN Personal Data Protection and Privacy Principles](#).

6. Administration of CBPFs

6.1 Budget preparation principles

114. In the budgeting process, partners are expected to comply with the new Operational Handbook guidelines. Detailed budget guidelines can be found in Annex 2.

6.2 Guidelines on requesting project changes

115. Changes in a project may be required due to various reasons and may have different consequences to the project's scope, duration and budget. The fund manager in consultation with cluster/sector coordinators will assess whether the proposed changes need formal written authorization, whether an amendment to the initial grant agreement is necessary or whether the breath of the proposed changes is such that the project needs to be terminated.
116. Signed Grant Agreement Amendment will be required in the following circumstances:
- Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category.
 - Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category.
 - Change in duration of the project.
 - Change of banking information relevant to the project.
 - Any other changes that have financial or legal implications and are part of the Grant Agreement.
117. The following changes do not require a Grant Agreement Amendment and will be approved in GMS through the approval without GA amendment' feature:
- Change in project location, unless the entire project area has been changed.
 - Change in number of beneficiaries, unless this changes the nature of the project.
 - Change in approved project activity, unless this changes the project objective and key result
118. In 2020, changes will be introduced to lighten the revision process and allow Partners to trigger a revision for specific items, without going through the formal revision process steps.
119. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the reasons justifying the request and evidence of progress collected through narrative and financial reports (i.e. progress/interim), or through field monitoring visits and financial spot checks.
120. Partners will be asked to provide a background to the request, explain the challenges and suggested solutions and added value. The HFU, in consultation with Cluster Coordinators, will then assess the nature of the request.
121. In all cases, only written requests sent to the HFU by e-mail will be considered. Revision and No-Cost Extension requests must be raised to the HFU at least one (1) month before the end date of the project. Any requests received after this period cannot be processed. Any changes to the initially approved project, that have not been agreed with the HFU, may result in ineligible cost. Under no circumstances should budget revisions increase the total budget originally approved.

6.3 Project closure

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

- Final narrative report received and cleared by the fund manager. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The fund manager has up to one calendar month from receipt to review and clear the final narrative report.
- Partners must submit the final financial statement (including an inventory of assets purchased under the grant (see Annex 1 of the YHF Operational Manual) within 2 calendar months after the end of the project implementation (including NCEs). Once the final financial statement has been received, it will be pre-cleared by the fund manager and cleared by OCHA HQ/CBPF (within one month). Refunds will be activated after clearance of the FFR and audit reports, when appropriate.
- After clearance of the final financial report, projects should be audited within 5 months.
- OCHA/HFU and OCHA HQ/CBPF will review and close the project within 2 months from receipt of the audit report.
- Following the closure of a project and its audit (when applicable), partners will be notified by OCHA about the exact amount to be refunded. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures (see Annex 15 of the Operational Handbook for CBPFs: Compliance Measures). Proof of payment needs to be received and acknowledged by OCHA.

7. Additional information

123. Information on the 2019 Humanitarian Needs Overview and the 2019 YHRP can be found on OCHA Yemen [website](#).

8. Contact information

Position	Name	Email
OCHA Head of Office	Mr. Aidan O’Leary	oleary@un.org
YHF Fund Manager	Mr. Yannick Martin	martiny@un.org
YHF Programme	Ms. Aniella Van Bakel	vanbakel@un.org
YHF Monitoring	Mr. Tesfahun Jofore	jofore@un.org
YHF Finance	Ms. Natia Lomashvili Elmas	elmas@un.org
YHF enquiries	YHF enquiries	yemenhpf@un.org
YHF complaints	YHF complaints	yemenhpfcomplaints@un.org

YHF Website: <http://www.unocha.org/yemen/about-hpf-yemen>

OCHA Website: <http://www.unocha.org/yemen>

CBPF GMS: <https://gms.unocha.org/>

CBPF Business Intelligence Website: <https://pfb.unocha.org/>

9. Review date

124. This manual has been discussed with the AB and endorsed in May 2020 by the AB and the HC.

10. Annex 1: Asset Management Guidelines

The projects funded through the YHF often involve purchase of assets in support of delivering the project objectives. Most partners have received multiple grants from the YHF in the last two years. Partners⁶ (IP) must adhere to the following guidelines to ensure proper reporting and managing of assets purchased under the YHF project:

1. Procurement

- a. As a general rule, all asset purchases must be conducted as per the approved YHF project budget and within the approved timeframe in order to be considered as eligible costs.
- b. Assets purchased one (1) month before the end of the project or later are in most cases considered as not necessary for the project and will be declared ineligible unless duly justified operationally. In this case, the partner needs to notify the OCHA Humanitarian Financing Unit (HFU) through an email to obtain approval for late procurement of an asset.
- c. If possible, OCHA/HFU advises the implementing partner not to purchase new assets but use their own assets. In such a case, the partner can charge the depreciation cost of their assets to the YHF project.

2. Ownership and Management

- a. Any asset purchased under a YHF project is considered property of the implementing partner and will remain with the partner unless the assets are transferred to a third party and if it was stipulated in the project proposal.
- b. The partner is responsible to manage the assets and fulfil any obligations arising from the ownership of the assets e.g. taxes, insurance and any registrations required by the laws of the local government.
- c. The partner is expected to apply its own asset management rules and regulations towards depreciation, donation or write-off of an asset.
- d. OCHA/HFU must be notified on the end use or disposal of the asset through the asset register, provided by OCHA/HFU for YHF partners to list and report on the assets.
- e. Use of the asset is solely limited to humanitarian work and cannot be used or donated for profit-making or other purposes. If an implementing partner sells an asset and thereby fund an ongoing project, this must be clearly documented and captured in the asset register.
- f. Donation / transfer of assets above US \$2,500: Implementing partner may need to procure and transfer assets or equipment to a third party (health facilities, water committees, etc.). A donation certificate must be signed by both parties for each asset transferred. The certificate should mention the asset specification which include the brand, model and serial number, and how the asset will be used at the end of the project. Prior approval from OCHA is mandatory for any donation/transfer of assets.

3. Reporting

- a. The partner must submit the Asset Register along with the final financial (FFR) report through the YHF Grant Management System (GMS). The signed and stamped register should be uploaded under the Documents tab of FFR on the GMS.
- b. Only assets of a value equivalent to or above US\$2,500 or technology (computers, printers, camera, etc.) or energy (generators, solar system, etc.) related equipment should be listed in the asset register for reporting to the YHF.
- c. The Asset Register will feed into the budget reviewing process and subsequent allocation rounds to avoid funding the same assets for the second time to a partner.

4. Records and Audit

- a. OCHA reserves the right to inquire about the YHF-funded asset and request relevant documentation at any time.
- b. All supporting documents for the procurement and end use of an asset (e.g. invoice, purchase order, payment voucher, bid analysis, donation certificate, government licencing and registration, and disposal approval) as reported to OCHA/HFU should be maintained for external auditing commissioned by OCHA for all YHF projects.
- c. The partner needs to assure the auditors of the proper use of the asset for the implementation of the funded project.

⁶ IP refers only to NGOs and not UN agencies

11. Annex 2: Financial and Budget guidelines

This guide has been developed to clarify the financial requirements for the preparation of YHF project budgets and to enhance the understanding of the main budget related issues encountered during previous allocations.

Partners must use the online Grant Management System (GMS) for the submission of the budgets along with project proposals, which can be found at: <https://cbpf.unocha.org>.

1. The Role of the YHF partner is to:

- A. Provide a correct and fair budget breakdown of the planned costs that are necessary to implement the activities and achieve the objectives of the project.
- B. Use and comply with the budget template of the online GMS, and any budget templates and guidance provided by OCHA for the classification and itemization of planned costs.
- C. Provide an accurate budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of each budget line. For example, shared costs, large/expensive assets, and costs/equipment required to support the regular operation of the partners, are clear cases are clear cases that require a budget narrative.

2. Eligible costs:

The following attributes define the nature of eligible costs which must:

- A. Be necessary and reasonable for the delivery of the objectives of the project.
- B. Comply with the principles of sound financial management, the principles of economy, efficiency, effectiveness, transparency and accountability.
- C. Be identifiable in the accounting records and backed by original supporting evidence as incurred, in accordance with the approved project proposal and period.

Eligible costs may include:

- A. Costs of staff (including salaries, social security contributions, medical insurance, R&R and hazard pay for high-risk locations) involved in the management and implementation of the project. Salaries and costs may not exceed the costs normally borne by the partner in other projects.
- B. Costs for consultancies involved in the implementation of the project. This doesn't include the consultant fees based outside of Yemen. Such cost should be covered through the Programme Support Cost (7%).
- 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 that may also be eligible, provided the costs do not exceed those normally borne by the partner.
- E. A contribution to the partner's Country Office costs, such as shared costs charged on the basis of a well-explained calculation and a reasonable allocation system. Shared costs must be itemized.
- 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 equipment, information and technology (IT) equipment for registration and relevant field activities, medical equipment water pumps and generators, etc.
- I. Expenditures incurred by the partner related to the award of contracts required for the implementation of the project, such as expenses for the tendering process.
- J. Costs incurred by the partner's sub-implementing partners (sub-IPs), directly attributable to the implementation of the project, such as expenses for the tendering process.
- K. Costs incurred by sub-IPs, directly attributable to the implementation of the project.
- L. Other costs deriving directly from the requirements of the grant agreement such as monitoring, reporting, evaluation, dissemination of information, translation, insurance etc., including financial service costs (in particular bank fees for transfers).

3. *Direct and Indirect Costs:*

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

Direct Costs:

- A. Direct costs must be clearly linked to the project activities described in the project proposal and the logical framework.
- B. Direct costs are sub-divided in to Direct and Support cost.
 - Direct costs are defined as actual costs directly related to the implementation of the project to cover the costs of goods and services delivered to beneficiaries.
 - Support costs are 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.
- C. *Direct costs include:*
 - Staff and related personnel costs, including consultants and other personnel.
 - Supplies, commodities, materials.
 - Equipment.
 - Contractual services.
 - Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
 - Transfers and grants to counterparts/sub-IPs.
 - General operating and other direct costs including security expenses, office stationary, and utilities such as telecommunications, internet, office rental and other direct costs, including expenses for monitoring, evaluation and reporting, related to the implementation of the project.

Indirect Costs:

- D. Indirect costs are referred to as Programme Support Costs (PSC). PSC are all costs that are incurred by the YHF partners regardless of the scope and level of its activities and which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include corporate costs (i.e. headquarters and statutory bodies, legal services, general procurement and recruitment, software licenses etc.) not related to service provision to a particular project. PSC is charged as a maximum 7% of the approved direct expenditures incurred by the partner.
- E. In case of sub-IP(s), PSC should be fairly distributed between the partner and the sub-IP(s) proportionate to the project budget and activities being undertaken by either.
- F. Indirect costs do not have to be itemized in the project budget.

4. *Shared Costs:*

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

- A. All shared costs must be directly linked to the project implementation.
- B. All shared costs shall 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 each relevant budget line and assessed and approved by OCHA's HFU.
- C. The YHF partner should at any time be able to demonstrate how the costs were derived and explain in the budget narrative and logical framework (if relevant) of the project proposal how the calculation has been made (e.g. pro-rata, averages).
- D. For staff-related costs, 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 should be shared on the basis of an equitable cost allocation system. Accordingly,

the percentages in the budget are to be assessed and approved by OCHA's HFU.

5. Guidance on the Itemization of Budget Lines:

Each budget line requires the cost breakdown and narrative, 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. A brief explanation on how each budgeted staff contributes to the project implementation should be provided in the budget narrative.
- B. Provide unit or quantity (e.g., 10 kits, 1000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should be used to account properly for specifying the applicable unit of reference (length, volume, weight, area, etc.).
- C. Provide cluster standard / technical specifications for items whose unit cost is greater than US\$ 10,000.
- D. Provide list of items and estimated cost per item for kits, when the kit value is greater than US\$ 10,000.
- E. Provide the list of items included in kits whose individual value is equal to or less than US\$ 10,000.
- F. OCHA still may request for additional information for budget lines with a total value less than US\$ 10,000. In particular if the cost seems not acceptable in Yemen.
- G. Provide the list of items for globally standard / cluster standard kits.
- H. Provide cluster standard / technical specifications for those items whose unit costs can greatly vary, based on those same 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).
- I. Provide details in the budget narrative so that the objective of the budget line can be clearly identified.
- J. 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.
- K. Estimates can be accepted in travel, as long as the calculation modality of the estimate is described accurately in the budget narrative (e.g., providing estimates on the number of trips and average duration in days, daily subsistence allowance (DSA) rates, etc.).
- L. Travel (National and/or International): provide estimate number of trips and cost per trip.
- M. In the case of construction works whose individual value is greater than US\$ 10,000, only the labor costs and known essential materials shall be budgeted and itemized, providing unit/quantity and unit cost. The budget narrative should explain how construction costs have been estimated on the basis of a cluster 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.).
- N. The partner is responsible and accountable to ensure the budget(s) of the sub-implementing partner(s) adheres to the principles of economy, efficiency, effectiveness and transparency. The partner must ensure the sub-implementing partner(s) budget(s) are commensurate with the planned activities and outputs and is reasonable in the specific country context. The sub-implementing partner budget should be provided as a single line under the budget category Transfers and Grants to Counterparts and full budget file should be uploaded in GMS.

6. Ineligible costs that remain the sole responsibility of the partner:

- A. Costs incurred outside the approved implementation period defined by the project start date to project end date (taking into consideration duly approved no-cost extensions).
- B. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
- C. Debts and provisions for possible future losses or debts.
- D. Interest owed by the partner to any third party.
- E. Items already financed from other sources.
- F. Purchases of land or buildings.
- G. Currency exchange losses.
- H. Cessions and rebates by the partner, contractors or staff of the partner as 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 meeting 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 partner.
- N. Global evaluation of programmes.
- O. Audit fees/system audit fees – these costs are paid directly by the YHF.

7. Other types of costs:

On a case-by-case basis and depending on the approved allocation strategy, OCHA's HFU retains the 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. Visibility material of the partner directly related to projects funded by the YHF.
- C. International travel costs when directly linked to the delivery of the project objectives. When international travel costs are requested to support additional activities outside those of the project, such costs can only be considered if they are well justified and, in the proportion, attributable to the project.
- D. Vehicles.
- E. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior CBPF funding.
- F. Equipment for the regular operations of the partner.
- G. Recurrent costs for the partner's current operations.

12. Annex 3: Beneficiary Verification Mechanism

Overview Background and Purpose

The main purpose of YHF monitoring is to assess progress made towards set targets and to verify the accuracy of reporting submitted by partners. YHF monitoring and reporting activities have the following key objectives:

- Verify partner progress in delivering of project outputs and activities (as per log frame and work plan), the beneficiary targeting process, the use of resources (as per budget) and internal monitoring and reporting systems.
- 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.
- Strengthen partnership and coordination between OCHA, the partner and the local authorities, and to engage and seek feedback from affected communities.

Monitoring modalities of the YHF include OCHA-led monitoring field visits, Third-Party Monitoring, and ad-hoc visits to partners. The Beneficiary Verification Mechanism (BVM)⁷, is an additional monitoring modality of the YHF. The mechanism is designed to reach out to more beneficiaries, in remote, or inaccessible locations and eventually increase the volume of beneficiaries interviewed in order to increase the YHF's collective accountability to affected people. When necessary, the BVM is also included in an OCHA-initiated field monitoring report in order to strengthen the outcomes of a field visit report.

BVM Process

BVM is used to collect data from randomly selected beneficiaries who received humanitarian assistance from YHF-supported projects.

Prior to any monitoring field visit, partners are requested to submit a full list of beneficiaries from which the beneficiaries for BVM can be selected. From then on, a sample size for the BVM is determined based on a statistical sampling formula known as the Cochran formula. The next step is randomly identifying beneficiaries from submitted lists. Following this, the TPM's call centre conducts interviews using a structured multiple-choice cluster/specific questionnaire guided by a decision tree, which validates if the beneficiary received all assistance, as reported by the YHF partner. Lastly, the TPM submits both monitoring field visit and BVM report to the HFU. In cases where a significant number of beneficiaries complained about the quality of services or reportedly did not receive any assistance, OCHA's HFU will expand the sample size to further determine any wrongdoing.

BVM will be used only for those YHF indicators that capture the number of beneficiaries reached by YHF funded project activities that do not go against privacy issues or violate doctor-patient confidentiality. These include for example distribution of food and non-food items including emergency shelter items, hygiene kits and school kits, cash, vouchers. The list of these indicators is documented and described in detail in each YHF project proposal, while only projects which include purely protection activities are not included in any BVM monitoring. The data collected from beneficiaries will provide an insight whether implementation is rolled out as planned and reported, and addresses the following key monitoring and verification questions:

- Did the beneficiaries receive the service from a distribution that took place in specified time and place as per the report and key implementation documents?
- Did the beneficiaries receive their full entitlement as per the set-out size and composition by the projects such as complete food basket, full NFI and shelter kits?
- Was the quantity and quality of the items distributed adequate?
- Was there anything the beneficiaries required to do or give in return for receiving the assistance?
- How was the distribution process as per the beneficiaries' observation? Was it well organized? Was there any safety/protection concerns at the time of the distribution?

Sampling Frame and Sample Size for BVM

⁷ In CBPF terminology this is often called 'remote call monitoring'

Sampling Frame: distribution lists are the ultimate sampling frame from which beneficiaries will be randomly selected for beneficiary verification interview. Once an implementing partner and project is selected, the implementing partner will be requested to provide the list of distribution sites and a complete list of beneficiaries who received the service.

OCHA will be requesting the TPM contractor to conduct monitoring field visit to a projects' governorate where implementation takes place. OCHA HFU may identify the areas to be visited which will be no less than 4 districts per governorate. If the areas where project implementation is equal or higher than 4 districts, the TPM will be requested to monitor project implementation via field visit 60% and the rest 40% via the BVM.

Sample Size for BVM: after the sampling frame for a project is obtained, the next step in the BVM is to calculate sample size and determine the number of interviews that should be conducted to obtain representative data. OCHA HFU proposes to use the Cochran formula for sample size. This formula calculates a representative sample size for measuring proportions given a desired level of precision, desired level of confidence and factors in estimated proportion of a certain attribute linked to the study present in the target population. Considering the time and security constraints, OCHA HFU proposes that a precision of 7.5 per cent ($e= 0.075$) be used in the sample size calculation.

Selection of respondents: once the sample size for the survey is determined, the next step is to identify respondents from distribution list using a random technique. At this stage it is very important that the required number of beneficiary respondents are selected randomly from the distribution list. For this, the HFU strongly recommends that Systematic Sampling⁸ is used to identify the respondents from the distribution lists. Where there is no distribution list, the respondent beneficiaries shall be identified in consultation with project staff, community representatives and relevant stakeholders. At this stage, the monitors shall ensure that beneficiary details of the respondents are accurately captured to easily locate the respondent and administer survey questionnaire.

Beneficiary list – challenges: in case beneficiary lists provided by YHF partner are inconclusive, or mobile numbers are false or inactive, TPM is still required to contact the required number of beneficiaries seeking their feedback, while documenting the number of mobile numbers not active and/or false.

Administration of Survey Questionnaires to respondents: BVM will use structured questionnaires specifically prepared for verifying project activities (Annex 1). Although field monitors/enumerators interview respondents in person through Key Informant Interviews (KII) BVM is designed to reach out to more beneficiaries, increasing the volume of beneficiaries interviewed verifying the quality of services provided by YHF partners. When necessary, the BVM is also included in an OCHA-initiated field monitoring report in order to strengthen the outcomes of a field visit report.

⁸ Systemic sampling is a probability sampling method that allows choosing respondents from the distribution list by selecting a random starting point and selecting the remaining respondents using a fixed interval or called sampling interval. The sampling interval is determined by dividing the total number of beneficiaries in the distribution list by the sample size.

13. Annex 4: Beneficiary feedback and complaint mechanism

Overview

The YHF is committed to ensure that the Funds' program interventions are designed in a way which positively contributes to the lives of beneficiaries and communities. To abide by this commitment, OCHA Yemen has developed monitoring modalities which aim at verifying partner self-reported project progress and quality of YHF interventions.

Accountability to the Affected Population (AAP), and in particular the quality of work and services offered by YHF partners to all beneficiaries, is a key objective of the Fund's monitoring activities. YHF monitoring field visits in 2017 revealed weak complaint mechanisms and a lack of knowledge among beneficiaries of their rights and how to complain about poor quality of services. In 2018, the HFU decided to establish its own Complaint and Feedback Mechanism (CFM) to reinforce the beneficiaries' and stakeholders' right to be heard, acknowledging that the existing YHF complaints email (yemenhpfcomplaints@un.org) may not be accessible to all.

Introduction and Purpose

YHF's CFM will ensure that beneficiaries and communities can complain if YHF partners are not abiding by the commitments made to them. At the same time, CFM will provide a communication channel for communities to voice their suggestions and provide feedback on YHF project interventions, contributing to improving quality of implemented projects. CFM is intended for the people the Fund serves and supports, - beneficiaries or whistle-blowers who have witnessed any misconduct, aid diversion or similar wrongdoings and would like to report them. The CFM will initially be operated via a Third-Party Monitoring service provider in Yemen. If the CFM practice faces difficulties in implementation or bureaucratic impediments, it will be outsourced outside of the country of operation or relocated within OCHA HFU.

The CFM service provider will:

- Receive calls from beneficiaries/communities to a toll-free number. The service provider will be receiving calls from 8 am to 8 pm, 6 days a week with the ability to record and log any received calls out of these working hours. Reports of received calls will be shared with OCHA daily;
- Provide real time validation of beneficiary satisfaction through the web-based platform;
- Provide additional information to ongoing field monitoring report for each project stating observations and statistics on respondents' replies to questionnaires;

OCHA HFU will:

- Provide the service provider with a list of all ongoing and future projects for project/partner identification when complaint occurs;
- Ensure CFM is included in all upcoming allocation strategies with YHF partners agreeing to promote the mechanism. Promotion should be via all partner/project related visibility materials and documentation (procurement advertisements, receipts, vouchers, etc.), while OCHA will oversee its implementation from scheduled monitoring visits;
- Follow up with the implementing partner receiving a complaint.

Definitions

A complaint is an expression of dissatisfaction with the standards of service, actions or lack of action by YHF implementing partners or its staff, volunteers or anybody directly involved in the delivery of YHF humanitarian work. It is a criticism that warrants a reply and different course of action. Complaints could include the following (which is not an exhaustive list):

- Concern from someone we work with about the quality of programme delivery
- Concern about the behaviour of staff, volunteers or contractors.

A complaint must be related to a YHF funded project and that is within OCHA's sphere of influence.

A complaint is not:

- A general query about OCHA's or YHF's work
- A request for information
- A contractual dispute

Principles of CFM

- *Accessibility*: Complainants should be able to make a complaint as easily as possible: via email, or toll-free number to call.
- *Timeliness*: OCHA aims to resolve complaints within 14 days of receipt. In the event that a complaint cannot be resolved within this timeframe the complainant will be informed about the progress made to date and when they can expect to receive a response.
- *Confidentiality*: Some complaints need to be kept confidential in order to safeguard those making or involved in the complaint. However, in some instances OCHA HFU might judge that the complainant will be better served if others are involved in the resolution of a complaint such as YHF relevant implementing partners. Third parties will only be included in the resolution of confidential complaints on a case-by-case basis and with the agreement of the complainant.
- *Right to appeal*: Complainants who have launched a well-founded complaint and who are unsatisfied with OCHA's response to that complaint have the right to appeal to OCHA Humanitarian Financing Unit – via the email: yemenhpfcomplaints@un.org.
- *Mutual Respect*: Everyone who makes a complaint to CFM will be treated with courtesy and respect. In return, OCHA expects people who make a complaint to communicate their concerns fairly and appropriately. Where complainants harass staff, behave abusively, or unreasonably pursue complaints, OCHA reserves the right to withdraw or modify its complaints process.
- *Part of a learning process*: OCHA HFU registers and monitors all serious complaints and results of such complaints and this information will be brought, regularly, to the attention of OCHA's senior management and the Humanitarian Coordinator. The YHF Advisory Board will be regularly updated on the process.

OCHA-HFU Internal Process

The process for the complaints and feedback call centre has been agreed as below:

- Trained call center operators record feedback and complaints received from beneficiaries in an online platform. Once the feedback is saved, an automatic email notice with details of the feedback will be sent to HFU and IP focal points for review and further actions unless the feedback/complaint received is constitute a serious breach of code of conducts, in which case it will be dealt separately. Such feedback will be first sent to HFU for prior review and HFU shares the feedback to the IP with appropriate recommendations and actions points for addressing the feedback;
- IP focal points review feedback and complaints received and respond to the feedback by providing details of the actions taken or provide justification;
- HFU focal point together with call center operators review responses provided by IPs to ensure that appropriate actions have been taken to address the feedback before closing it.