1. Background

The ongoing political crisis, initiated on 1 February 2021 after the Myanmar Armed Forces (MAF) arrested senior Government leaders, announced a year-long state of emergency and seized the control of the State, is likely to have a detrimental impact on the people living in humanitarian settings, with reports of disruptions to key transport and supply chains, services, banking systems as well as to the functioning of government and administrations, including due to civil servants participating in the Civil Disobedience Movement (CDM). These developments have further complicated the humanitarian operating environment, with many organizations having temporarily suspended activities and considerable uncertainty around procedures for engagement with de facto authorities at field level, including on issues such as humanitarian access.

This political crisis is also impacting the Myanmar Humanitarian Fund (MHF) operations and their partners in different ways. The OCHA Humanitarian Financing Unit (HFU), in charge of the management of this country-based pooled funds (CBPF), is swiftly adapting to this new environment and remain dedicated to support humanitarian partners despite the challenges faced. This situation created by the current political and human rights crisis requires the MHF to respond with greater flexibility, through simplifications in the current funding arrangements, yet keeping accountability over the use of funds.

In this context, some of the funded activities may need a temporary suspension until the situation becomes. The MHF has requested partners to provide information, whenever possible, about the impact of the current situation on ongoing programmes to support any corrective measure that funded projects may need in the near future. That said, and given the humanitarian nature of MHF funded activities, the MHF team has encouraged partners and sub-partners to maintain key life-saving activities as much as possible and resume the implementation of other humanitarian activities as soon as possible, following established COVID-19 protocols and ensuring the safety and security of staff and affected communities.

After an analysis of the evolving situation and related challenges which the Fund is beginning to face, and following requests from partners, the MHF has put in place some extraordinary measures that will allow all key stakeholders to continue providing life-saving assistance to those in need. This is in line with the MHF Operational Manual and the previous Flexibility Guidance endorsed on 8 May 2020 focused on the COVID-19 pandemic.

To ensure that the MHF and their partners have the greatest possible impact on the joint efforts during this unprecedented crisis, the MHF allocations will continue to be in alignment with the 2021 Humanitarian Response Plan and any possible addendum, provided that it is not at the expense of life-saving activities that the MHF already support. The MHF will continue to promote complementarity with other funding sources, including with the Central Emergency Response Fund (CERF), and other pooled funds and funding mechanisms in country.

The MHF partners are encouraged to implement these flexibility measures also for their sub-partners, promoting equitable partnership agreements.

This guidance note will be reviewed periodically and revised as required.

2. Flexibility measures

2.1 Risk Management Framework

As necessary, the MHF will review their Risk Management Framework to integrate new emerging risks resulting from the current political crisis. The MHF will collaborate with in country established mechanisms to analyze risks related to the crisis, such as safety and security conditions. The review of the risk management framework should be endorsed by the MHF Advisory Board (AB) and approved by the Humanitarian Coordinator (HC), as per the usual process.
2.2 Operational modalities

2.2.1 Partner and project ceilings

The MHF may increase partner/project ceilings when necessary. Such adjustments are to be purpose and time-limited and require HC approval. This option will not be applied to projects whereby the partners are involved in a compliance matter or subject to an inquiry.

On behalf of the HC, the Fund Manager should then communicate any proposed temporary deviations to the OCHA CBPF Section at HQ and request a process waiver by OCHA’s Executive Officer.

2.2.2 Monitoring and financial spot-checks

Project monitoring and financial spot checks may be adapted i.e. by using remote methodologies, desk reviews of scanned copies, remote calls or videoconference. Partners are required to keep original documents for five years as per the financial rules and regulations of the UN Secretariat. Flexibility in terms of reporting and monitoring timelines will be discussed with partners upon request on a case-by-case basis.

2.2.3 Liquidation Period

The MHF will support partners with additional flexibility in terms of payment timelines during the liquidation period (60 days after the end of the project) for projects currently ending, due to the disruption of banking system. In this case, partners should address a written request to the MHF for a special waiver with a clear justification linked to the current political crisis, which will be transfer to OCHA HQ for the EO approval.

2.2.4 Audits

The MHF may put in place offsite and remote audits, i.e. desk reviews of scanned copies. Partners are required to keep original documents for five years as per the financial rules and regulations of the UN Secretariat.

Depending on the context at country level, the MHF may consider postponing some of the audits, rather than conducting remote audits. This decision need to be taken on a case-by-case basis and in consultation with OCHA-HQ.

2.2.5 Electronic Signature

The MHF will accept “fill and sign” feature in PDF or electronic signature to facilitate the remote work modalities in all the concerned documents. Stamps are not required if documents are signed electronically, through the above-mentioned modalities.

2.3 Reprogramming of projects

Flexibility for reprogramming will be prioritized by the MHF, including alternative activities approaches, change on locations, budget modification and no-cost extension, particularly if the situation scales up in terms of instability, with attention to accountability to affected population (AAP) mechanisms and feedback from affected communities.

Based on country specific analysis of the ongoing humanitarian response and specific needs, the MHF can facilitate the reprogramming of existing projects in order to shift resources to priority locations and to enable urgent life-saving activities.
as consequence of the political and human rights crisis, including additional emergency response interventions such as emergency referrals to health care centers and legal and protection services, considering the Centrality of Protection and the Human Rights Up Front initiative. Partners are required to explain the rationale for re-programming requests along the following criteria:

- MHF funding is no longer required for the humanitarian emergency (or trigger) for which it was initially allocated and/or
- MHF planned activities cannot be implemented due to the context change and the nature of the activity and/or
- Response to new humanitarian needs as consequence of the political crisis and early action are now a more immediate priority for life-saving humanitarian action than the humanitarian emergency for which the funding was originally allocated for and/or
- Response to new humanitarian needs as consequence of the political crisis is complementary to the original response and would help to protect gains made under that intervention.

In cases where the requesting partner is a UN agency that receives funding from the CERF allocations, agencies are required to explain why additional funding is needed through MHF reprogramming and how it will complement the CERF funding.

The MHF will track project revisions related to the current political crisis through the Grant Management System (GMS). All reprogramming decision will be made on a case-by-case basis.

2.4 Budget

2.4.1 Cost Extension

The MHF can allow project cost extensions in order to minimize the impact of the current political crisis, particularly in relation to the increase of market prices and services provided by private entities, e.g. high cost of emergency protection and/or health referrals to private service providers or direct support to private service providers.

A cost extension may be also considered to scale-up critical activities needed to respond to any aggravation of the current humanitarian situation, including as consequence of the political crisis.

Cost extensions must be requested one month before the project end date must be processed via the respective revision process of the MHF prior to views of the MHF Advisory Board and approval by the HC. The MHF may exceptionally consider cost extension request submitted during the final month of implementation upon strong justification and considering the real-time context. Any case, requests will not be considered if submitted after the date of end of the project. Progress narrative and financial reports of the current project are required as part of the request. Endorsement by the relevant clusters and sectors are also required. All cost extensions are subject to partner and project ceilings as outlined in 2.2.1 and funding availability.

2.4.2 Eligibility of costs

The MHF can approve cost eligibility of:

- planned activities where expenses already incurred, but due to the political crisis could not take place (travel, etc.);
- unforeseen expenses (i.e. additional safety and security measures), as consequence of the political crisis;
- staff costs that are required to sustain project operations if implementation is temporarily suspended due to the political crisis, limited to costs incurred in country including relocation within the country of operation and as per partner’s business continuity plan.

**2.4.3 Budget lines**

In case that partner with CBPF ongoing funding cannot associate unforeseen expenditures as consequence of the political crisis to an existing budget line, the MHF can approve the creation of additional budget lines within the 15 per cent parameter, provided that they are directly related to the political crisis context. The approval process can be conducted in GMS, after budget revision request, without amendment to the grant agreement. If the new budget line(s) exceed the 15 percent ruler, the revision requires an amendment to the grant agreement. This should be requested by partner to the MHF with strong justification.

**2.4.4 Contingency budget line**

For new projects, partners continue to include a contingency budget line of up to 4 per cent of the total project budget under “General Operating and Other Direct Costs” budget category. This approach will expedite re-programming processes to address needs directly related to any unexpected humanitarian need, if the situation deteriorates. Contingency budget lines must be designed to facilitate rapid responses to unforeseen urgent humanitarian needs that may be outside of the original geographic location/sector, and must not be used to compensate for overspending or expansion of other ongoing/planned activities. Activation of a contingency budget line requires formal pre-approval by the Fund Manager. Approval will be in writing and within 24 hours of request. If not utilized within the project implementation timeframe, the amount budgeted for contingencies must be refunded to the MHF following project closure. Partners are required to provide a detailed breakdown of the utilization of the contingency budget line also via financial reporting.

**2.5 No-cost extension**

No-cost extensions (NCE) will be assessed and approved on a case-by-case basis, upon partners’ request, following the standard procedure. In addition, OCHA HQ has offered the MHF to request a blanket no-cost extensions (NCE) for projects that are under implementation and before reaching the end-date. This option will be analyzed with concerned partner and requested as needed, after the views of the MHF Advisory Board prior to approval by the HC.

Blanket NCE will modify the agreement and extend the project duration, without requiring any process in GMS or an amendment to the original agreement for the agreed extension. New operational modalities triggered as a result of the blanket NCE will be waived justified on the political crisis. Existing due dates for final narrative report and final financial report will be extended based on new end dates. The Performance Index question for the revision of the category will be set to “justified revision request”. An approval letter from OCHA will be shared with the concerned partners.

Blanket NCE cannot be applied to projects whereby their partners are involved in a compliance matter or subject to an inquiry.