# South Sudan Humanitarian Fund

# Operational Manual

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**www.unocha.org**
The mission of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors.
**Coordination Saves Lives**

## Acronyms

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| AA | Administrative Agent |
| AB | Advisory Board |
| CBPF | Country-based Pooled Fund |
| CERF | Central Emergency Response Fund |
| CN | Concept Note |
| ERC | Emergency Response Coordinator |
| GMS | Grant Management System |
| FCS | Funding Coordination Section |
| FTS | Financial Tracking Service |
| HACT | Harmonised Approach to Cash Transfers |
| HC | Humanitarian Coordinator |
| HCT | Humanitarian Country Team |
| HFU | Humanitarian Financing Unit |
| HoO | Head of Office |
| HPC | Humanitarian Programme Cycle |
| HQ | Headquarters |
| HRP | Humanitarian Response Plan |
| ICWG | Inter-Cluster Working Group |
| IOM | International Organization for Migration |
| MA | Managing Agent |
| M&E | Monitoring and Evaluation |
| M&R | Monitoring and Reporting |
| MOU | Memorandum of Understanding |
| MPTF | Multi-partner Trust Fund |
| NCE | No-Cost Extension |
| NGO | Non-Governmental Organization |
| OCHA | Office for the Coordination of Humanitarian Affairs |
| PI (or PPI) | Performance Index (or Partner Performance Index) |
| PP | Project Proposal |
| PPA | Project Partnership Agreement |
| PUNO | Participating United Nations Organization |
| RC | Review Committee |
| RPA | Responsible Party Agreement |
| SAA | Standard Administrative Arrangement |
| SRC | Strategic Review Committee |
| SSHF | South Sudan Humanitarian Fund |
| TOR | Terms of Reference |
| TRC | Technical Review Committee |
| TS | Technical Secretariat |
| UNDP | United Nations Development Programme |

## A  Introduction

1. This Operational Manual for the South Sudan Humanitarian Fund (hereafter "SSHF" or "the Fund") is issued by the Humanitarian Coordinator (HC) and endorsed by the Fund's Advisory Board (AB). Its purpose is to describe the Fund's scope and objectives; programmatic focus; governance arrangements; allocation processes; accountability mechanisms; operational modalities; and the roles and responsibilities of different stakeholders involved.

2. The HC and the Advisory Board will revisit this Operational Manual on an annual basis or as needed to ensure the continuing relevance and effectiveness of the Fund.

## B  Scope

3. This Operational Manual defines the country-specific parameters for the governance and operations of the SSHF. It is designed within the framework provided by OCHA's global Operational Handbook for Country-Based Pooled Funds (CBPFs)[1,] (hereafter the "Operational Handbook") which outlines the rules, requirements and guidelines that apply to all CBPFs worldwide, and adapts aspects of these to the country specific context.

4. Adherence to the provisions of the Operational Handbook and this country specific Operational Manual will ensure consistent, transparent processes in line with standards.

## C  Objectives of the South Sudan Humanitarian Fund

5. The SSHF is a multi-donor pooled fund that supports the timely allocation and disbursement of donor resources to humanitarian partners to respond to the most critical humanitarian needs in a strategic and coordinated manner.

6. The objectives of the SSHF are to:

    i. Enhance the effectiveness of the coordinated humanitarian response by channelling funds to the most urgent priorities within the Humanitarian Response Plan (HRP) as agreed by the humanitarian community;
    ii. Provide resources for rapid response to meet urgent or unforeseen needs and/or bolster pipelines and common services at critical moments in the humanitarian response;
    iii. Strengthen humanitarian coordination and leadership, notably the leadership role of the HC;
    iv. Promote needs-based humanitarian action in line with the principles of humanity, neutrality, impartiality and independence;
    v. Ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation within and between clusters, humanitarian organisations and donors;
    vi. Contribute to improving needs assessments, enhancing the HRP as the strategic planning tool for humanitarian action, strengthening coordination mechanisms, and improving accountability; and
    vii. Expand delivery of assistance in hard-to-reach areas by funding national and international NGOs.

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1 *Operational Handbook for Country-based Pooled Funds, UNOCHA, February 2015. http://www.unocha.org/what-we-do/humanitarian-financing/cbpf-global-guidelines*

# D        Governance and management

## D1  Overview of Fund structure

7.   The South Sudan SSHF falls under the overall authority of the Humanitarian Coordinator (HC), supported by the SSHF Advisory Board (AB) and the SSHF Technical Secretariat (TS). The Advisory Board (AB) is comprised of senior-level representatives of donors, UN organisations and NGOs, with OCHA and UNDP sitting as observers. The joint OCHA-UNDP TS, led by OCHA, provides support and advice to the HC and the AB, and facilitates processes throughout the Fund cycle of allocation, disbursement, monitoring, reporting and project closures. The Inter-Cluster Working Group (ICWG) and the Cluster Coordinators / Co-coordinators play a key role in developing allocation strategies, agreeing on collective priorities, reviewing and recommending project proposals for funding, and reviewing progress towards expected outcomes.

8.   The UNDP Multi-Partner Trust Fund Office (MPTF Office) serves as the Administrative Agent (AA) of the SSHF, in accordance with the annex to the Operational Handbook[2]. The AA receives contributions to the SSHF from donors, disburses funds upon decision of the Humanitarian Coordinator to the respective Participating UN Organisations and IOM (hereafter "the PUNOs"), and provides related financial reports and statements. The PUNOs assume full financial and programmatic accountability for the funds disbursed to them by the AA, use the funds to undertake projects approved by the HC, and provide related narrative and financial reports.

9.    UNDP serves as the PUNO to channel funds to NGO partners, and the Managing Agent (MA) for NGO projects[3]. Funds for NGO projects are first disbursed by the AA to the MA, for subsequent disbursement by the MA to the NGOs.

## D2  Humanitarian Coordinator (HC)

10.  The HC is responsible for, and has overall leadership of and final authority over, the Fund. The HC will:

   i.    Approve the SSHF Operational Manual;
   ii.   Chair the Advisory Board and provide strategic direction for the operation of the Fund;
   iii.  Lead resource mobilisation in liaison with the Humanitarian Country Team (HCT), the OCHA Country Office and relevant OCHA units at headquarters;
   iv.   Define the timing, strategic focus and amounts of allocation rounds, in consultation with the AB;
   v.    Approve allocations to projects recommended for funding, and initiate disbursements;[4]
   vi.   Ensure complementary use of SSHF funding with other funding sources, including the Central Emergency Response Fund (CERF);
   vii.  Review and, where appropriate, approve project revisions;
   viii. Ensure that appropriate accountability mechanisms are in place, including arrangements for Fund-level risk management and for monitoring and reporting;

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[2] *Annex to the Operational Handbook for Country-based Pooled Funds. CBPF administered by the Multi-partner Trust Fund Office (MPTF Office). June 2016.*
[3] *UNDP Guidelines for Engagement with NGOs under Country Based Pooled Funds. Guidance Note for Country Offices. November 2016*
[4] *Allocation processes are set out in more detail elsewhere. Note that the HC has the authority to overrule funding recommendations from review committees.*

ix. Lead the process of periodically reviewing the justification for the continuing operation of the SSHF, and its closure if no longer justified.

## D3 SSHF Advisory Board (AB)

11. The SSHF Advisory Board (AB) represents the views of Donors, UN agencies and the NGO Community and provides guidance and advice to the HC on strategic and policy matters in pursuit of the Fund's overall objectives. Full Terms of Reference for the AB are included at Annex 1, and may be periodically reviewed and updated by authorisation of the HC. Key aspects include:

    i. *Overarching strategy:* The AB advises the HC on the strategic direction of the SSHF and its continuous development and refinement as an effective humanitarian funding instrument. This may involve participation in occasional reviews, evaluations and other learning initiatives;

    ii. *Risk management:* The AB analyses risks that may affect the achievement of the Fund's objectives and advises the HC on risk management strategies, in accordance with the Accountability Framework described elsewhere in this Operational Manual;

    iii. *Fundraising:* The AB supports the HC in the mobilisation of resources to maximise the overall reach and impact of the Fund;

    iv. *Quality, transparency, and equitability:* The AB advises the HC on the quality, transparency and equitability of SSHF processes throughout the programme cycle, participating during the development of allocation strategies, in reviews during the prioritisation and project selection process, and at any other stage as may be required by the HC. The AB reviews and advises on monitoring and reporting arrangements;

    v. *Promotion:* The AB supports the promotion of the Fund, including but not limited to the review of key information products such as Annual Reports, to ensure an accurate reflection of achievements.

12. Membership of the AB, as outlined in the ToR, is as follows:

    i. Humanitarian Coordinator (as Chairperson, non-rotating)
    ii. 2 representatives of contributing donors (rotating)
    iii. 2 representatives of participating UN Cluster Lead Agencies (rotating)
    iv. 1 representative of the international NGO community (rotating)
    v. 1 representative of the national NGO community (rotating)
    vi. OCHA Head of Office (as Observer on behalf of the SSHF Technical Secretariat, non-rotating)
    vii. UNDP Country Director (as Observer on behalf of the SSHF Technical Secretariat, non-rotating)
    viii. 1 representative of a non-contributing donor (as Observer, rotating).

## D4 OCHA

13. The OCHA Head of Office (HoO) is responsible for the effective management of the Fund in accordance with OCHA's global Policy Instruction[5] and the Operational Handbook. The HoO will:

    i. Support and advise the HC on strategic issues to make best use of funds available and to optimise resource mobilisation;

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[5] *https://docs.unocha.org/sites/dms/Documents/Policy%20Instruction%20on%20OCHA%20CBPFs.pdf*

ii. Oversee OCHA's Humanitarian Financing Unit (HFU), ensuring its work is integrated with that of other Units, including sub-offices;

iii. Ensure that OCHA has the capacity to fulfil its accountability requirements, including risk management and the application of Operational Modalities;

iv. Promote involvement of, and linkages with, other coordination mechanisms in SSHF processes, and ensure that the Fund's scope and objectives as outlined in the Operational Manual and/or allocation papers are aligned with the HRP;

v. Approve project revisions within the scope of delegated authority granted by the HC;

vi. Act as a non-rotating, observer member of the AB.

## D5  Administrative Agent (AA)

14. In its capacity as the Administrative Agent (AA) of the SSHF, the UNDP MPTF Office will:

i. Conclude the Standard Memorandum of Understanding[6] (hereafter "the SSHF MOU") (Annex 2) with PUNOs in full coordination with OCHA;

ii. Negotiate and conclude the Standard Administrative Arrangement (SAA)[7] (hereafter "the SSHF SAA") (Annex 3) with donors contributing to the SSHF;

iii. Receive contributions from donors;

iv. Administer donor funds received, including administration of earned interest;

v. Disburse funds to PUNOs including the Management Agent in accordance with the instructions from the HC within 3 – 5 working days;

vi. Consolidate annual and final certified financial statements and reports, based on submissions provided to the AA by each Participating UN Organisation, in accordance with the timelines specified in the MOU and SAA;

vii. Provide periodic (annual and final) consolidated financial reports to the HC and SSHF Advisory Board through OCHA; and

viii. Provide statements of donor commitments, deposits and transfers to Participating UN Organizations and other financial information in real time on the publicly accessible MPTF Office GATEWAY (http://mptf.undp.org).

## D6  Managing Agent (MA)

15. In its capacity as the Managing Agent (MA) of the SSHF, the UNDP Country Office will:

i. Provide oversight to the entire funding cycle for NGO projects, from the launch of an allocation to closure of projects. This includes ensuring:
   o follow up of fund disbursement and the recovery of refunds as applicable;
   o compliance with financial reporting requirements, including reporting of suspected / actual fraud cases, and losses as a result of aid diversion including looting, confiscation, theft or any other circumstances;
   o compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings.

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[6] *Standard Memorandum of Understanding (MoU) for South Sudan Humanitarian Fund, August 2016*
[7] *Standard Administrative Arrangement for South Sudan Humanitarian Fund, August 2016*

ii. Coordinate and facilitate capacity and performance assessments, risk management, financial monitoring, and reporting.

iii. Support and promote NGO compliance with SSHF procedures;

iv. Produce reports, analysis and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities;

## D7 Technical Secretariat (TS)

16. The joint OCHA-UNDP Technical Secretariat (TS), led by OCHA, will be comprised of OCHA's Humanitarian Financing Unit (HFU) and UNDP's SSHF Unit. The TS will work under the direction established by the HC and the AB, and will be responsible for the efficient management of the Fund. OCHA's HoO will oversee the work of the OCHA HFU. UNDP's Country Director will oversee the work of the UNDP SSHF Unit, which will be specifically responsible for the functions and deliverables of the Managing Agent (MA) role.

17. In support of the HC and AB, the TS will:

i. Provide technical advice on all aspects related to the governance and operations of the Fund, keeping abreast of emerging policy and practice in relation to CBPFs globally;

ii. Facilitate the SSHF cycle, including the planning and undertaking of allocation rounds, disbursement of funds, monitoring and reporting of project implementation and Fund-level achievements, project closures and any other administrative matters;

iii. Support resource mobilisation efforts under the leadership of the HC with support from the AB and OCHA HoO;

iv. Promote coordination with donors that allocate funding to humanitarian projects and programmes outside of the SSHF to eliminate duplication and maximise the impact of SSHF allocations;

v. Ensure regular communication and information sharing with stakeholders on SSHF related issues;

vi. Facilitate periodic external evaluations in line with the global agreement on evaluation requirements for CBPFs;

vii. Perform Secretariat functions for the SSHF Advisory Board;

viii. Compile the consolidated annual report of SSHF operations;

ix. Coordinate with the AA as needed on fund administration issues.

18. Further details of the respective roles and responsibilities of the OCHA HFU and the UNDP SSHF Unit within the joint Technical Secretariat can be found at Annex 4, which may be updated from time to time.

## D8 Cluster Coordinators and Co-coordinators

19. Throughout the SSHF cycle of prioritisation, allocation, project implementation and monitoring and reporting, Cluster Coordinators and Co-coordinators will exercise their responsibilities in an independent, fair and transparent manner as foreseen by the IASC. Cluster coordinators / Co-coordinators will:

i. Establish needs-based priorities for SSHF funding in consultation with cluster partners;

ii. Promote inter-cluster coordination to ensure best overall use of the resources available to the SSHF;

iii. Develop and defend cluster strategies, priorities, requirements and proposals during SSHF allocation rounds;

iv. Lead and document processes to transparently identify, review and recommend for funding prioritised humanitarian projects in line with cluster strategies, priorities and good practices;

v.   Promote the systematic use of relevant standard indicators across the cluster project portfolio, to enable Fund-level reporting of aggregated achievements and an assessment of the contribution of the SSHF towards wider cluster achievements under the HRP;

vi.  Provide input to monitoring plans developed and undertaken by the TS, participating in monitoring activities as appropriate;

vii. Review and endorse project revision requests when technical or strategic input is required, in line with relevant procedures;

viii. Review partners' narrative reports and provide inputs to the SSHF annual report.

## D9  Strategic and Technical Review Committees

20. SSHF allocation processes typically include two stages of project review: i) a strategic review of project proposals received from cluster partners to prioritise and recommend for funding selected proposals that best align to the Allocation Strategy Paper established by the HC and AB, and the cluster-specific strategy for the allocation; and ii) a technical review to ensure the quality of selected project proposals prior to their final approval and fund disbursement. Both reviews are discharged by independent review committees convened by respective Cluster Coordinators / Co-coordinators.

21. Standard Operating Procedures for review committees are at Annex 5, and may be revised or updated from time to time as required. Key elements include:

i.   Strategic Review Committees should be established through a consultative process, co-opting a limited number of representatives of the different constituencies, knowledge and skills within the cluster membership. The committees should ensure an equitable representation of UN agencies, INGOs and NNGOs, and be representative of the diversity of the cluster membership in order to guard against undue influence in favour of particular organisations or constituencies;

ii.  The Strategic Review Committee assesses and selects proposals to be recommended for funding objectively, based on pre-determined criteria established at the time of the allocation process and in advance of the review itself. OCHA will support the committees in discharging their functions and participate as an observer in the reviews;

iii. The technical review scrutinises project proposals and ensures good final quality of the proposals prior to their final approval and fund disbursement. The technical review is carried out by the TS in consultation with the Cluster Coordinator/Co-Coordinator.

## D10    Implementing Partners (potential funding applicants and fund recipients)

22. Implementing Partners will have the following responsibilities:

i.   *Eligibility:* To receive SSHF funding, partner organisations must successfully meet the eligibility requirements, as described in more detail under sections E and F below.

ii.  *Familiarity:* Applicants must familiarise themselves with SSHF processes and seek advice from the TS and Cluster Coordinator/Co-Coordinator before applying for funding.

iii. *Application:* In close collaboration with the TS and clusters, the applicant partner develops, submits and revises a concept note or full project proposal including budget (through the on line Grant Management System, GMS), along with any necessary supporting documents, within established timeframes.

iv. *Implementation:* If the project is approved, the applicant organisation enters into a Grant Agreement which specifies the terms and conditions applicable to the approved project. In the case of PUNOs, the Grant Agreement comprises the countersigned allocation letter issued by the Humanitarian Coordinator and the approved project documents. In the case of NGOs receiving funds through the Managing Agent, the Grant Agreement will take the form of UNDP's Project Partnership Agreement (PPA) or Responsible Partner Agreement (RPA). The recipient organisation commits to comply with all the requirements defined in the Grant Agreement. Grant Agreements may be modified to accommodate necessary changes in project implementation (see section E below for details on project revision requests).

v. *Monitoring:* Grant recipient organisations have the primary responsibility to monitor their projects and are expected to have robust internal monitoring and reporting arrangements in place. As required, they shall facilitate the external monitoring of projects in collaboration with the TS, Cluster Coordinators and other relevant parties. OCHA reserves the right to organise visits to project locations and/or undertake other types of monitoring activities to review completed or on-going projects activities. Monitoring activities may also involve external experts or donors.

vi. *Reporting:* Grant recipient organisations shall submit narrative and financial reports through the GMS in line with the reporting requirements stipulated in the Grant Agreement, or otherwise determined by the Humanitarian Coordinator. In addition, any constraints (e.g. financial, logistical, security) that may lead to significant changes to the project implementation must be communicated to the HC and/or TS immediately.

# E    Allocation modalities

## E1  Allocation types

23. There are two types of allocations under the SSHF: standard allocations and reserve allocations:

    i.   The *Standard Allocation* is normally the process through which the majority of the SSHF funding is channelled to priority activities within the HRP. Funding permitting, two standard allocation processes would normally be conducted during a year, based on Allocation Strategy Papers formulated under the leadership of the HC.

    ii.  The *Reserve Allocation* process is used for the rapid and flexible allocation of funds in the event of unforeseen emergencies or to address emerging humanitarian needs. It accommodates allocations which respond to specific humanitarian situations necessitating a coordinated response outside the standard allocations.

## E2  Standard Allocation strategy and workflow

24. The standard allocation process enables the Humanitarian Coordinator to provide vital funds to the most urgent priorities identified within the Humanitarian Response Plan (HRP) and as agreed by the humanitarian community. An Allocation Strategy Paper is prepared which summarises the strategic intent of each standard allocation and provides a framework for prioritisation by clusters. Funds permitting, there are two standard allocations during the year: one to kick-start the humanitarian response at the beginning of the year, and a second around the mid-year point.

25. Annex 6 outlines the indicative workflow for a Standard Allocation. Key steps in the process typically include:

    i.    Formulation of the allocation strategy paper;
    ii.   Definition of cluster strategies and priorities;
    iii.  Presentation / defence and endorsement of cluster strategies / priorities;
    iv.   Submission of concept notes by implementing partners, their Strategic Review and selection;
    v.    Validation to check that selected concept notes conform to overall intent of the allocation strategy;
    vi.   Submission of fully-fledged proposals and their Technical Review;
    vii.  Final approval of proposals and corresponding fund allocations by HC;
    viii. Disbursement of funds.

## E3  Reserve Allocation strategy and workflow

26. There are two funding windows for Reserve Allocations, each with a distinct purpose:

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

    ii.   The 'underfunded window' enables the HC to respond to critical humanitarian needs which remain unaddressed. The window typically funds ongoing activities identified in the HRP that have emerged

as top priorities but which have not been funded through Standard Allocations and / or that have not attracted, nor are likely to attract, sufficient funding from other sources.

27. Given that it may be necessary to quickly activate the reserve modality, the allocation process is designed to be quicker than that for Standard Allocations. The HC will consult with the AB on the activation of a Reserve Allocation process, unless due to extraordinary circumstances such consultation would be impractical, or would significantly delay the decision making process. Consultation with the AB will be done either through a regular meeting, an extraordinary meeting convened specifically for the purpose, or by email where a meeting may be not preferred or is impractical for operational reasons. E-mail consultation will be on a 'no objections basis', typically with a 48-hour period for response. The SSHF TS will notify the AB of the HC's final decision, typically within 24 hours of the consultation.

28. When a Reserve Allocation is activated under the 'emergency response window', only pre-selected partners with an assigned risk level of 'low' or 'medium' are eligible to apply for funding. Proposals are subject to Technical Review by the SSHF TS and the respective cluster to ensure their quality prior to final approval by the HC.

29. When a Reserve Allocation is activated under the 'underfunded window' all existing partners are eligible to apply for funding. On an exceptional basis and at the discretion of the HC, other humanitarian organisations that have not previously partnered with the SSHF may also apply. New partners are subject to the usual risk management policies and procedures, including capacity assessments. Proposals are subject to Technical Review by the SSHF TS and the respective cluster to ensure their quality prior to final approval by the HC.

30. Annex 7 outlines the indicative workflow for a Reserve Allocation. Procedures may vary in order to optimise the process in view of the particular circumstances under consideration. Key steps typically include:

    i.   Definition of overarching priorities and requirements;
    ii.  Submission of project proposals and their Strategic Review;
    iii. Technical review;
    iv.  Final approval of proposals and corresponding fund allocations by HC;
    v.   Disbursement of funds.

## F        Project selection criteria, parameters and modalities

### F1  Eligibility

31. In order to become eligible to receive funding from the SSHF, PUNOs must first sign the SSHF Memorandum of Understanding (MOU) with the MPTF Office as the Administrative Agent.

32. For NGOs wishing to receive funding through UNDP in its role as Managing Agent, the SSHF Technical Secretariat will carry out a due diligence process and an assessment of organisational capacity to determine eligibility. NGO partners that satisfactorily meet due diligence requirements and demonstrate sufficient institutional, managerial, financial and programmatic capacity will be eligible to receive funding.

33. NGO partners that have not received any new allocation from the SSHF for three years will require a new capacity assessment in order to re-establish eligibility.

34. Further details regarding capacity assessments are found under section G below.

**F2  Allocation criteria**

35. The review and approval of project proposals is undertaken in accordance with the overarching objectives of the SSHF as well as the prioritisation parameters described in the Allocation Strategy Paper for any particular allocation round. Criteria for consideration typically include:

    i.  *Strategic relevance*: proposed activities show clear linkages to HRP strategic and sectoral objectives, the Allocation Strategy Paper, and cluster specific priorities for the allocation;

    ii.  *Needs-based*: proposed activities address most critical needs based on documented evidence, with target beneficiaries clearly described;

    iii.  *Quality*: proposed activities are consistent with good practices in quality programming – including mainstreaming gender, protection and accountability to affected people – and are optimised to respond to the identified needs;

    iv.  *Cost effectiveness*: the budget is reasonable, proportionate in relation to the context, in line with cluster norms, and demonstrates value-for-money;

    v.  *Feasibility of implementation*: the location of the project is clearly identified - with accessibility to proposed areas of operation – and the proposed partner is eligible for SSHF funding and has capacity to implement the project;

    vi.  *Technical soundness*: the proposal has a clear logical framework and meets technical requirements consistent with the intended results and cluster standards;

    vii.  *Risk management*: assumptions and risks are clearly spelled out in the project proposal, along with risk mitigation strategies. The risk level associated with the applicant organisation as determined through capacity assessment and past performance shall be taken into consideration;

    viii.  *Monitoring and reporting*: a clear monitoring and reporting plan is included in the proposal.

**F3  Project Duration**

36. Project duration will be a maximum of 12 months. Shorter time periods may be specified for particular allocation rounds in the respective Allocation Strategy Paper.

37. In pursuit of cost effectiveness, when prioritising and recommending project proposals for funding an appropriate balance between expected achievements and project duration will be considered.

38. Grant recipients can request no-cost extensions to the project duration. However, procedures and minimum requirements must be met for the request to be submitted and approved, see section F6 below.

**F4  Grant amount**

39. The maximum allowable grant amount will be determined using a risk based approach on the basis of project duration and an assessment of partner capacity and past performance. Operational Modalities are referenced in more detail in section G below.

40. The HC may also determine a minimum allowable grant amount for any given allocation round to ensure funds are not spread too thinly among the applicants.

**F5  Start date and eligibility of expenditure**

41. The SSHF TS will liaise with the implementing partner to determine the start date of the approved project. The earliest possible start date will be set out in the allocation timeline. Project expenditures are eligible from the project start date.

**F6  Revision requests**

42. Significant revisions from the approved project design - including changes in geographic location, target population, scope of activities, period of implementation, and budget realignment[8] - must be approved by the HC, or the OCHA Head of Office as delegated by the HC. Failure to obtain timely approval for such revisions may result in the project performance being assessed as poor, and in expenditures being considered as ineligible.

43. Admissibility criteria must be met in order for revision requests to be considered:

    i.   Requests must be submitted at least one month prior to the end date of the approved implementation period;
    ii.  a minimum of 30 per cent of the approved budget must have been utilised;
    iii. where the request involves an extension to the implementation period it must not exceed three months; and
    iv.  all previous reporting obligations must have been met.

44. In the event that one or more of the above admissibility criteria are not met, the partner must request exceptional admissibility through a letter to the Humanitarian Coordinator.

45. When admissible, the revision request will be submitted by the partner using the GMS for review by the relevant Cluster Coordinator and the Technical Secretariat based on the justifications and details provided. The Technical Secretariat will recommend to the HC that the request is either endorsed or declined.

46. Detailed Standard Operating Procedures for the management and administration of project revision requests are at Annex 8, and may be updated from time to time.

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[8] *Variations in expenditures not exceeding 20 per cent, at the budget category level, as compared to the approved project budget do not require approval. Where variations exceed 20 per cent a formal revision request must be made and approved. Budget realignments must not increase the total budget originally approved by the HC.*

# G      Accountability framework

47. Accountability of the SSHF is conceptualised at two levels:

    i.   *the ability of the Fund to achieve its objectives as a humanitarian financing mechanism*. The HC, with support from the AB, TS and clusters, 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;

    ii.   *the ability of individual implementing partners to accomplish expected project achievements*. Implementing partners are responsible for their project activities and outputs, and for reporting accurately on results in line with the logical framework of the proposal template.

48. The SSHF Accountability Framework encompasses four main elements – *Fund-level risk management*; *capacity and performance assessment of implementing partners; monitoring and reporting;* and *audit and evaluation* – each described in detail below.

49. To promote accountability to affected people, support the continuous enhancement of Fund operations and resolve specific issues of concern or contention, *feedback and complaints mechanisms* will be promoted.

50. *Non-compliance measures* may be applicable for partners where minimum procedural requirements and other standards are not met.



## G1  Fund level risk management

51. At the Fund level, a Risk Management Framework has been established, in consultation with key stakeholders, based on an analysis of the risks that might prevent the SSHF from achieving its objectives. The Risk Management Framework is a management tool which enables the HC, supported by the AB and TS, to ensure strategic decision making and guarantee that that the SSHF remains effective in the context in which it is operating. Identified risks have been analysed and ranked in terms of importance, according to the relative likelihood and potential impact of each on the achievement of Fund objectives. Mitigation strategies have been designed, actions assigned to specific stakeholders, and residual risks highlighted to enable informed decision-making based on an understanding of potential consequences.

52. The current working version of the Risk Management Framework is included at Annex 9. It will be periodically reviewed and monitored by the HC, in consultation with the AB and with support from the TS, and updated to reflect contextual changes which may have a bearing on risks faced by the Fund, as well as progress and refinement of mitigation measures.

## G2  Partner capacity and performance assessment

*Capacity assessment*

53. In line with section F1 above, eligibility to receive funding is conditional on the implementing partner demonstrating adequate institutional, managerial, financial and programmatic capacity and expertise.

54. Participating UN Organisations (PUNOs), as signatories to the SSHF MoU, are considered to have the requisite capacities and as such are not subject to capacity assessment.

55. All prospective NGO partners wishing to apply for funding for the first time will be subject to capacity assessment, in order to establish eligibility. For partners previously assessed and deemed eligible, a new capacity assessment will be conducted during each UN programme cycle (typically once every four years) in line with general practice under the HACT framework. Capacities will be assessed through a two-fold process managed by the TS:

    i.  *institutional, managerial and financial capacities will be assessed within the framework of the UN's Harmonised Approach to Cash Transfers (HACT).* This framework allows for the sharing of capacity assessments of NGO partners carried out by different UN organisations, and a common approach to the management and oversight of grants including the use of direct payment modalities where the risks associated with cash transfers may be considered as unacceptable. These assessments will be managed by UNDP within the joint TS as the Managing Agent for NGO projects, and may require undertaking new assessments or reviewing previous assessments conducted by other UN agencies.
    ii. *a complementary assessment of NGOs' programmatic expertise will be conducted by OCHA within the joint TS*, in liaison with relevant clusters, since the HACT framework does not encompass programmatic expertise.

56. The overall capacity assessment will integrate the HACT assessment and the assessment of programmatic expertise as outlined in the preceding article, and will result in the partner being considered as either eligible or ineligible to receive funding. Where the partner is considered eligible, the capacity assessment will determine a risk rating of 'high', 'medium' or 'low'.

57. The risk rating established will be used to determine aspects related to the management and administration of any new grant given to the implementing partner, in accordance with the Operational Modalities at Annex 10. Once the partner has received SSHF grants, data will be compiled to establish a risk rating through performance assessment (see below). The HACT assessment will also determine the use of cash transfers, direct payment modalities or other appropriate measures.

*Performance assessment and Partner Performance Index (PPI)*

58. Throughout project implementation, the TS will track and assess the performance of all partners receiving funding allocations, both PUNOs and NGOs through the MA, in relation to:

    i.   quality and timeliness of submissions of project documents (proposals, budgets, concept notes);
    ii.  project implementation against agreed targets;
    iii. quality and timeliness of narrative reporting;
    iv.  frequency, timeliness and justification of project revision requests; and
    v.   quality and timeliness of financial management.

59. The assessment of these factors will be consolidated periodically in the SSHF *Partner Performance Index (PI)*. Where the implementing partner has undertaken more than one project, the PI will take into account and combine the performance related to each of the projects.

60. The PI rating will determine the continuing eligibility of the partner and/or inform partners' ineligibility for future SSHF funding. Where eligibility continues, the PI will determine a risk rating of 'high', 'medium' or 'low'. The risk rating will be used to determine aspects related to the management and administration of any new allocation to the partner, in accordance with the Operational Modalities at Annex 10. Where the partner is deemed ineligible under the PI, eligibility may be re-established through a new capacity assessment.

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

## G3 Monitoring and Reporting

*Overview*

62. There are multiple layers of monitoring and reporting implemented throughout the SSHF project cycle. All implementing partners are expected to have adequate internal mechanisms for the oversight of projects funded by the SSHF, including monitoring and reporting of both programmatic and financial aspects. The TS in collaboration with clusters will review project financial and narrative reports submitted by partners in accordance with the conditions of the Grant Agreement. In addition, the TS will establish independent monitoring mechanisms to verify the information contained in the reports submitted by partners. The TS will also compile and publish an Annual Report.

63. The SSHF Monitoring and Reporting Framework (Annex 11) provides definitions and describes in more detail practical arrangements of a comprehensive approach to monitoring and reporting that supports and informs operations of the Fund and best use of resources.

*Monitoring by partners*

64. All implementing partners are expected to have adequate internal mechanisms for the oversight of projects funded by the SSHF, including programmatic and financial monitoring systems. Capacities for monitoring will be verified during the capacity assessment process. Partners' monitoring systems may also be observed during independent monitoring activities conducted by the SSHF TS, with support and advice provided as appropriate. Inadequate monitoring and reporting by partners may result in the partner being deemed ineligible to receive funding, or affect the likelihood of receiving funding during future allocation rounds.

*Reporting by partners at the project level*

65. Implementing partners are required to provide programmatic narrative reports to the Technical Secretariat in line with the conditions of the Grant Agreement, describing project progress against the approved project design. Reports will be submitted through the GMS. The number and frequency of reports required for a given allocation will be determined at the time of allocation according to the Operational Modalities, and will be communicated at the time of approval of the allocation.

66. Partners are also required to provide financial reports to the Technical Secretariat in line with the conditions in the Grant Agreement, describing the progress of expenditures against those envisaged in the approved project proposal. Reports will be submitted through the GMS. The number and frequency of reports required

for a given allocation will be determined at the time of allocation and will be communicated at the time of approval of the allocation.

*67.* Reports will be reviewed and cleared by the TS in conjunction with the relevant cluster. During this process the report may be returned to the partner for resubmission in order to improve its quality and / or address specific queries.

68. NGO partners will be required to submit financial reports in line with UNDP's internal systems in its role as Managing Agent for NGO projects, and in line with the provisions of the Project Partnership Agreement (PPA) or Responsible Party Agreement (RPA). Financial reports may be required to trigger successive disbursements. Allocations to NGOs are usually disbursed in tranches, and following disbursement of the initial tranche subsequent disbursements will take place when at least 80 per cent of the previously disbursed amounts are reported as spent.

69. UN agencies will be required to submit financial reports for the purposes of general project and portfolio oversight as set out in the Grant Agreement, indicating estimated expenditures. All PUNOs will provide annual financial statements and certified final financial statements to the UNDP MPTF Office as the Administrative Agent in line with the SSHF Standard MOU.

70. Information contained in submitted reports will be used:

    i.   by clusters and the TS to understand the progress and quality of implementation of the SSHF-funded project portfolio under the cluster;
    ii.  by the TS to contribute to Fund-level reporting to inform decision makers and stakeholders;
    iii. by the TS as a potential trigger for undertaking monitoring activities;
    iv.  to provide input to the PI.

*71.* Late and / or poor quality reporting will have an impact on the PI as described under section G2 above, and may invoke non-compliance measures as under section G7 below. It may result in the partner being deemed ineligible to apply for funding, or may negatively affect the likelihood of project proposals being selected for funding in the future.

*Independent monitoring of partners*

72. The TS will establish independent monitoring mechanisms to verify the information contained in the reports submitted by partners. This includes both programmatic and financial verification through different monitoring methods.

73. The purpose of independent monitoring is primarily to verify the accuracy of reports submitted by partners, and to assess progress made towards set targets. Monitoring will:

    i.   Ensure adequate verification of reported results and expenditures at project level thereby contributing to increased accountability.
    ii.  Inform evidence based decision making by HC, Advisory Board and cluster coordinators.
    iii. Ensure that resources are used efficiently and according to what was agreed upon in project documents and Allocation Strategies.
    iv.  Support partners during their project implementation.

74. The TS will monitor a sample of SSHF-funded projects. Following each allocation round and the establishment of a new portfolio of projects to be funded, a monitoring plan will be determined. The sample will reflect a

risk based approach, with projects perceived to entail greater risk being prioritised. The Operational Modalities will also inform the development of priorities for monitoring. Sampling parameters may also include practicalities such as access to project locations, and the distribution of approved projects across different clusters and types of activities.

75. In addition to planned monitoring, ad hoc monitoring may be triggered at any time in response to information provided in reports submitted by partners, audit findings, or whenever deemed appropriate by the TS in response to matters arising.

76. Where practical, monitoring may take the form of a field visit to the project. Where field visits are not possible due to insecurity, logistics or other reasons, alternative monitoring methods may be considered, including desk- based monitoring, remote monitoring, and third party monitoring. Questions and informants may vary according to the method used and the particularities of the project under consideration. Financial monitoring will take the form of a financial spot check.

77. Monitoring reports will be in line with established templates, and will include a summary of findings and recommendations. A rating based on the findings will inform the PI, as described under section G2 above.

78. The information in monitoring reports will be used:
    i.   by each partner in its project review and oversight
    ii.  by clusters and the TS to understand the progress and quality of implementation of the SSHF-funded project portfolio under the cluster
    iii. by the TS to contribute to Fund-level reporting to inform decision makers and stakeholders
    iv.  to trigger additional monitoring, financial spot checks and/or extraordinary audits
    v.   to inform the PI

*Reporting at Fund level*

79. The HC will issue one annual report on the achievements, challenges and funding trends of the SSHF, prepared by the TS. The TS will also produce periodic SSHF dashboards highlighting donor contributions, allocations made, beneficiaries reached and other succinct information.  Both the annual report and periodic dashboards will be made available on the Fund's website (www.unocha.org/south-sudan). Neither will disclose information that may put implementing partners or the affected population at risk. The AA will compile Fund-level annual consolidated financial reports which will be made available on the MPTF Office GATEWAY (http://mptf.undp.org).

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

## G4  Audit and evaluation

*Audits of projects undertaken by UN Agencies*

81. Participating UN Organisations are audited in accordance with their own Financial Regulations and Rules and in accordance with the MPTF Framework for auditing multi-donor trust funds which has been agreed to by the Internal Audit Services of Participating UN Organisations and endorsed by the UNDG in September 2007. Audit reports should be shared with the MPTF Office in line with the provisions of the SSHF Standard MoU.

*Audits of projects undertaken by NGOs*

82. NGO implemented projects are audited in compliance with financial regulations, rules and directives applicable to UNDP, and in line with UNDP's global guidance for undertaking the MA role.[9] UNDP, as the SSHF Managing Agent, performs independent audits of all NGO projects. The cost of the audits is covered by adding 1 per cent to the amount allocated to approved NGO proposals, the money being channelled directly to UNDP.

83. These external audits allow the HC to obtain evidence-based assurances on the use of funds transferred to NGOs. In particular, they help to mitigate financial risks; including misuse of resources and fraud; identify weaknesses in financial and operational management and recommend critical improvements; and identify ineligible expenditures. External audit findings also provide essential feedback to the partner and the system both, incentivizing the continuous improvement of NGO financial and operational management and performance, and enabling the HC to make better informed funding decisions.

84. External audits will normally be conducted in rounds, with a minimum of two rounds each year in order to ensure that all NGO projects are audited within six months of the end of their implementation periods.

85. As required by the UNDP Office of Audit and Investigation a log of all audit findings is maintained, to facilitate follow up and ensure that organisations address previous findings on management weaknesses. Where the findings of an audit are adverse, the NGO may be deemed ineligible to receive further funding until relevant issues have been fully addressed.

*Fund level audits*

86. Audits of the SSHF as a whole are triggered and performed by the main oversight bodies of the United Nations: the UN Board of Auditors, the Office for Internal Oversight Services and the Joint Inspection Unit. Findings are made available to appropriate stakeholders.

87. Donors and member states should not carry out additional audits, respecting the single audit principle to avoid duplication of efforts, minimize disruption, and avoid costs to all parties.

*Fund level evaluations*

88. Periodic external evaluations of the SSHF as a whole may be commissioned by OCHA, typically every three years. The reports of such evaluations will be made available to stakeholders involved with the SSHF and to the general public through OCHA's website (www.unocha.org).

## G5 Feedback and complaints mechanisms

89. Recognizing that accountability to affected people is at the heart of good quality humanitarian programming, the SSHF will undertake verification of partners' feedback and complaints mechanisms during monitoring activities, and request information on feedback and complaints mechanisms in partners' project proposals.

90. In addition, the following email address, SSHF-Feedback@un.org, is available to

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[9] *UNDP Guidelines for Engagement with NGOs under Country Based Pooled Funds. Guidance Note for Country Offices. November 2016*

    i.   receive feedback and complaints from partners who believe they have been treated incorrectly or unfairly during any of the SSHF processes;

   ii.   receive feedback from users of services or recipients of assistance in connection with SSHF-funded projects; and

  iii.   receive allegations of misuse of funds.

91.   The TS will review and compile the information received, and recommend appropriate measures to address issues and / or raise issues as necessary to the HC, who will then determine appropriate action.

## G6 Fraud, losses, aid diversion

92.   In line with the provisions of the SSHF MOU, each PUNO receiving funds from the SSHF will oversee and administer those funds according to their own internal regulations. Each PUNO is firmly committed to take all necessary measures to prevent and address corrupt, fraudulent, collusive, unethical or obstructive practices.

93.   In the case of a credible allegation, or a proven occurrence, of such practices, the respective PUNO will take timely and appropriate action in accordance with its own rules and procedures, which may include an investigation into the material circumstances of the matter. Each PUNO will use its best efforts, consistent with its own regulations, to recover any funds misused.

94.   Each PUNO shall report to the Administrative Agent, the Humanitarian Coordinator and OCHA regarding any credible allegations or proven instances of such practices, and follow up taken. Following receipt of such information, the Administrative Agent, the Humanitarian Coordinator and OCHA will communicate promptly with the relevant offices of donors.

95.   For cases of fraud, losses and aid diversion related to funds allocated to NGOs, UNDP as the PUNO and Managing Agent for NGO projects will ensure timely follow up, reporting and communications in line with the preceding three articles and the provisions of the SSHF MOU.

## G7 Non-compliance measures

96.   Where a partner does not comply with the requirements described in this Operational Manual, the global Operational Handbook, or related contractual agreements, non-compliance measures may be taken. Such cases may include, but are not limited to:

    i.   Overdue financial or narrative reports.

   ii.   Non refund of unspent funds previously allocated.

  iii.   Critical audit findings.

  iv.   Critical findings from monitoring and / or financial spot checks.

   v.   Violation of humanitarian principles and code of conduct.

  vi.   Indication of possible fraud, corruption or misuse of funds.

97.   Different actions, referred to as non-compliance measures, will be taken progressively in an attempt to correct the situation, while pursuing amicable solutions. Non-compliance measures are set at out in Annex 12, and may be updated from time to time.

# H ANNEXES

**Annex 1:**      **Advisory Board Terms of Reference**

**Annex 2:**      **Standard Memorandum of Understanding (MOU) [template]**

**Annex 3:**      **Standard Administrative Arrangement (SAA) [template]**

**Annex 4:**      **Joint Technical Secretariat - Roles and Responsibilities**

**Annex 5:**      **Standard Operating Procedures for Strategic and Technical Reviews**

**Annex 6:**      **Indicative Workflow for Typical Standard Allocation Process**

**Annex 7:**      **Indicative Workflow for Typical Reserve Allocation Process**

**Annex 8:**      **Standard Operating Procedures for the Management and Administration of Project Revision Requests**

**Annex 9:**      **Risk Management Framework**

**Annex 10:**      **Operational Modalities**

**Annex 11:**      **Monitoring and Reporting Framework**

**Annex 12:**      **Non-compliance Measures**