

# Somalia Humanitarian Fund (SHF)

## *Operational Manual*

**FINAL**

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The Somalia Humanitarian Fund (SHF) is a multi-donor country-based pooled fund (CBPF) that ensures timely allocation and disbursement of donor resources to address the most urgent humanitarian needs and assist the most vulnerable people in Somalia.

The SHF allows Governments and private donors to pool their contributions into a common, unearmarked fund to deliver life-saving assistance to those who need it most.

The SHF enables timely, coordinated and effective humanitarian response and is distinguished by its focus and flexibility. The SHF funds are prioritized locally; they help save lives, strengthen humanitarian coordination and the humanitarian system in Somalia.

The SHF is managed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

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## Acronyms

AA	Administrative Agent
AB	Advisory Board
CBPF	Country-Based Pooled Fund
CPF	Common Performance Framework
ECA	Externally-contracted capacity assessment
GMS	Grant Management System
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HFU	OCHA Somalia Humanitarian Financing Unit
HRP	Humanitarian Response Plan
ICCG	Inter-Cluster Coordination Group
IOM	International Organization for Migration
IP	Implementing Partner
MA	Managing Agent
M&E	Monitoring and Evaluation
M&R	Monitoring and Reporting
MOU	Memorandum of Understanding
MPTFO	Multi-Partner Trust Fund Office
NCE	No-Cost Extension
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
PCA	Proxy capacity assessment
PUNO	Participating United Nations Organization
RMU	UN Somalia Risk Management Unit
SAA	Standard Administrative Arrangement
SRC	Strategic Review Committee
SHF	Somalia Humanitarian Fund
TOR	Terms of Reference

## 1. Introduction

1. The Somalia Humanitarian Fund (SHF) is a multi-donor country based pooled Fund established in 2010 with the aim of ensuring predictable, strategic and flexible funding to local and international non-governmental organizations (NGOs) and UN humanitarian agencies.
2. The Operational Manual for the Somalia Humanitarian Fund is issued by the Humanitarian Coordinator (HC) and endorsed by the Advisory Board.
3. The HC will revisit this Manual as needed to adjust the general direction and programmatic focus of the Fund, thereby ensuring its relevance and effectiveness.

### 1.1. Purpose and scope

4. The SHF Operational Manual outlines the objectives, describes the governance arrangements, allocation modalities and priorities, and accountability mechanisms of the Fund, as well as the roles and responsibilities of the stakeholders involved.
5. This Manual provides guidance to implementing partners and facilitates the role of OCHA, members of the Review Committees, and the cluster coordinators
6. The SHF Operational Manual should be considered in conjunction with the Operational Handbook for Country-Based Pooled Funds (CBPFs). This manual outlines all the steps and phases to be followed throughout the allocation processes and defines the country-specific regulations that govern the fund. It is designed within the framework provided by the Operational Handbook for Country-Based Pooled Funds (CBPFs), which describes the global set of rules that apply to all CBPFs worldwide, and adapts specific aspects of these global guidelines to the humanitarian context in the country.
7. Adherence to the guidance provided in the two documents is mandatory so as to ensure standard and transparent processes. Both documents are complementary to the each other.

## 2. Objectives of the SHF

8. Support life-saving and life sustaining assistance to the most vulnerable groups, based on the most urgent humanitarian needs as defined in the HRP or in response to sudden onset emergency needs.
9. Expand the delivery of assistance in hard to reach areas by partnering with national and international NGOs.
10. Strengthen coordination and leadership by leveraging the cluster system thereby ensuring that humanitarian needs are addressed in a collaborative manner.
11. Contribute to addressing gaps in priority clusters and regions, and funding imbalances between clusters, in complementarity with other funding sources and channels and thus contribute to the overall improvement in funding coordination.
12. Support common services and enabling programmes if they directly support the delivery of humanitarian aid and provide equitable access for humanitarian actors.
13. Strive for cost-effectiveness and ensure that all SHF-funded interventions adhere to the basic humanitarian principles of humanity, neutrality, impartiality and independence.

### 3. Governance and management

14. The activities of the SHF will be carried out under the overall leadership of the HC. An Advisory Board (AB), under the chairmanship of the HC and comprised of four UN agencies, four NGOs, and two donor representatives, advises on the use of funds.

#### 3.1. Humanitarian Coordinator

15. The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, supported by OCHA's Humanitarian Financing Unit (HFU) and advised by the Advisory Board (AB). The key responsibilities of the HC are:
- Approves, reviews and updates the Operational Manual, which outlines the Fund's scope and objectives; programmatic focus; governance structures and membership; allocation modalities and processes; accountability mechanisms; and operational modalities;
  - Leads advocacy and resource mobilization for the Fund, at both global and country level, supported by the OCHA Country Office and in coordination with relevant OCHA entities at headquarters;
  - Approves direct costs for the HFU.
  - Chairs the Advisory Board and provides strategic direction for the Fund;
  - Approves the use of and defines the strategic focus and amounts of the Fund's allocations;
  - Ensures that the Advisory Board and the strategic and technical review committees function in accordance with the guidelines outlined in the Operational Manual;
  - Makes 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 Advisory Board, for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the review committee(s);
  - Approves projects and initiates disbursement;
  - Ensures complementary use of SHF funding with other funding sources, including the Central Emergency Response Fund (CERF) and bilateral funding.
  - Leads the process of closing the SHF.

#### 3.2. Advisory Board

16. The AB is a body with an advisory function that supports the HC in steering the Fund's strategic direction and oversees the performance of the Fund. It advises the HC on strategic and policy issues and ensure the views of donors, UN agencies and the NGO community are represented. The AB serves as a forum to share information on funding coverage to strengthen donor coordination, discuss funding priorities in line with the HRP and review the accountability mechanism of the Fund. The final decision-making authority rests entirely with the HC, who is the chairperson of the AB.

17. The Advisory Board comprises of;
- Humanitarian Coordinator (Chairperson)
  - 4 UN agencies
  - 4 NGOs (2 international, 1 national, 1 representative from the NGO consortium)
  - 3 representatives of donors contributors to the SHF

- 1 observer (a non-SHF donor or a representative from the Informal Humanitarian Donor Group)
  - OCHA Head of Office
18. Its membership is limited to ensure meaningful discussions and quick and effective decision-making. Those selected make a commitment to attend all Board meetings, to provide comments by email as required, and are authorized to make decisions during Board meetings. Humanitarian UN agencies select four among them as Board members, the NGOs select three NGOs as AB members (in addition to the NGO consortium representative) and SHF donors select three representatives (in addition to the observer, which is usually selected within the IHDG).
19. OCHA Head of Office participates in the Board meetings as a full member; OCHA HFU serves as the secretariat of the Board. Board members are elected for two years; tenure is renewable, and representation should be at the country representative or head of country office level. Board members participate in their individual and technical capacities; they do not represent the interest of their agency or broader constituencies. To ensure continuity, the replacement of board members is staggered, so that every year, half of the representatives of UN agencies, NGOs and donors respectively are replaced (or re-elected). (Half of the first round of Board members will only serve for one year).
20. The key functions of the AB are:
- *Strategic focus:* The AB supports the HC in ensuring that the main objectives of the Fund are met. The AB should review and advise the HC on strategic elements of the Fund such as the allocation strategies, the operational manual and project selection. The AB advises the HC in setting funding targets and provides support to resource mobilization efforts.
  - *Risk Management:* The AB supports the HC and the OCHA Country Office in undertaking periodic risk analyses and reviewing the risk management plan of the Fund in accordance with the Fund's Accountability Framework (see section 7, Accountability Framework).
  - *Transparency of the overall process:* The AB should monitor the Fund's 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. Specifically, the AB (i) reviews and endorses the SHF's CPF indicators, set the targets/benchmark and definitions of score ranges in the first quarter of each year; (ii) reviews and endorses the SHF's CPF result and qualify the indicator's result (critical, below normal, normal, above normal, or exceeding vis-à-vis the context) at the end of the year.
21. Any member of the AB may propose an agenda point for the Board meeting. A quorum of six members is required for the Board to make recommendations to the HC.
22. The Board may review proposals that cut across clusters and common services projects. OCHA as the secretariat of the Board is responsible for communicating the Board's comments and recommendations on submitted projects to the HC, along with the supporting argumentation and a summary of the discussion within the Board. If necessary, the Board can select a set of completed SHF-funded projects for external evaluation.
23. Apart from the regular meetings prior to and after each standard allocation, the Board can hold additional meetings to discuss specific issues concerning the Fund, at the request of

Board members or the HC. This may include but is not limited to the AB reviewing complex allocation decisions to meet the visiting officials and missions, or to approve the common performance framework (CPF) targets at the beginning of the year and results at the end. The Board can discuss projects and other issues via email. If the Board is reviewing a project of one of its members, that agency cannot take part in the review.

24. Beyond these functions, the HC can call on the Advisory Board at any time to (a) give advice on a project rejected by the cluster, but where the submitting organization has appealed, (b) arbitrate conflicts between submitting organizations, a cluster and the HC, (c) perform ad-hoc reviews of the SHF mechanism in cases of an unexpected change of circumstance, or (d) perform any other advisory function as judged necessary by the HC.
25. The frequency of meetings is determined by the processes that require strategic direction and policy guidance. The AB meets at least four times a year. These meetings cover a range of the above tasks, including but not limited to endorsing budgets for the HFU, reviewing the Operational Manual, sitting to review allocation decisions, or to discuss changes to the humanitarian context.

### 3.3. Clusters

26. Clusters support the SHF at two levels:
  - I. at the strategic level, they ensure linkages between the Fund, the HRP and cluster strategies;
  - II. at the operational level, cluster coordinators provide technical expertise and take active part in the process of project prioritization and review and endorse revision requests.
27. Cluster coordinators are involved in a number of steps of the SHF programme cycle:
  - Strategic prioritization: Cluster coordinators play an active role in the process of agreeing the strategic priorities of SHF allocations and allocation rounds by seeking inputs from their regional and national cluster structures and providing inputs to the ICCG.
  - Application process: To the extent possible, cluster coordinators should provide programmatic guidance to applicants before submission of proposals to the Fund.
  - Strategic and technical review of projects: Cluster coordinators (i) ensure that the strategic review of projects is carried out as set in the SHF Operational Manual; (ii) they contribute to the technical review of project proposals; and (iii) provide cluster-specific standard activities and corresponding standard indicators.
  - Recommendation of projects for funding: After the inclusive and transparent strategic review, cluster coordinators recommend selected projects for funding. The scoring sheet and the list of selected projects is submitted, through OCHA and the GMS, to the HC and the AB for review and approval.
  - Monitoring and reporting: Clusters contribute to monitoring and evaluation by developing three to five key indicators and standard activities per cluster, by including SHF projects in their cluster portfolio, by analysing project reports, by participating in inter-agency project visits, by providing any other relevant information about the implemented projects, and by providing sampling criteria for the selection of projects for evaluation.
  - Revisions: Cluster coordinators endorse individual revision requests.

### 3.3.1 Strategic and Technical Review Committees

28. *Objective:* Strategic review committees (SRCs) are responsible for the strategic review of project proposals received by the SHF and may also support the technical review process. They are not representative bodies. Technical review committee (TRC), as subset of the SRC that also includes HFU technical staff and OCHA FCS finance assesses the technical soundness and financial quality of project proposals based on SRC and other comments made.
29. *Composition and size:* Strategic review committees are composed of experts, selected based on demonstrated technical knowledge of specific sector/cluster, from national NGOs, international NGOs and UN agencies, plus the cluster coordinator and co-chair. The three groups (local and international NGOs, UN agencies) are represented equitably. The size of the SRC may vary according to the size of the cluster, from 6 members (1 LNGO, 1 INGO, 1 UN, cluster coordinator, co-chair, HFU) to 12 members (3 LNGO, 3 INGO, 3 UN, cluster coordinator, co-chair, HFU), and is determined by cluster coordinators. The size and composition is adjusted accordingly for multi-cluster or integrated projects.
30. *Decision making:* SRC members review a scoring system to prioritize projects, which is prepared by the cluster coordinator and reflective of the standardized SHF score card. They try to find a consensus. If this is not possible, the members vote, and decide by simple majority. Members refrain from the discussion of and vote on their own agency's projects. At all times, OCHA/HFU will take part in decision making, and support review committees in discharging their functions.
31. *Tenure:* The tenure for SRC members is one year. SRCs are may be established ahead of the launch of the HRP process and the SRC tenure can be in line with the HRP cycle. Membership is renewable but may not exceed two tenures, unless agreed by the cluster for specific technical reasons.
32. *Criteria:* Organizations included in the 3W/4W matrix (or that meet other cluster membership criteria) are considered cluster members. Only cluster members can be part of a SRC. The individual nominated by the organization shall have the relevant technical expertise, and shall be available for at least six months. The organization nominating a staff member shall have a presence in Somalia. Consultation with field-based staff is possible, by email or other means. Organizations but not individuals may be members of more than one SRC. Individuals may not be nominated for more than one SRC.
33. *Selection Process:* SRC members are elected by the cluster members. Cluster coordinators invite interested organizations to nominate one staff member and one alternate. Cluster coordinators establish a list of all eligible candidates. They invite all cluster members to cast three votes (one for each group: Local NGO, International NGO, UN). Each organization that is a cluster member can cast their three votes once. Cluster coordinators and co-chairs do not vote. The vote is secret. Cluster coordinators publish the results and constitute the SRC.
34. SRCs under the leadership of cluster coordinators support the SHF at two levels:
- I. at the strategic level, by ensuring linkages between the HRP and cluster strategies;
  - II. at the operational level by providing technical expertise to the process of project prioritization and to the technical review of projects.

35. The SRCs can undertake the following SHF-related activities
- Establish needs-based priorities for funding in consultation with cluster partners;
  - Facilitate all SHF related processes 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;
  - Defend cluster strategies and proposal during allocation rounds;
  - Ensure quality and timely submissions of all related cluster materials;
  - Promote the systematic use of relevant standard activities and indicators for projects;
  - Participate in field monitoring visits to support assessment of implemented projects;
  - Review and recommend revision requests when technical or strategic input is required;
  - Train and build capacity of cluster partners on SHF procedures.
36. After the strategic review has been finalized technical review is undertaken by the TRC that assesses the technical soundness and financial quality of project proposals. TRC is a subset of SRC, and usually consists of cluster coordinator and cluster support staff, HFU and FCS finance. The technical review can be conducted remotely and online.

### 3.4. OCHA Head of Office (HoO)

37. The OCHA HoO oversees the operation of the Fund to support the HC. As such, the HoO is responsible for the effective management of the Fund in accordance with the CBPF Policy Instruction, Handbook and the Operational Manual.
38. The HoO responsibilities and functions with respect to the SHF are to:
- Support and advise the HC on strategic issues and resource mobilization.
  - Supervise the OCHA Humanitarian Financing Unit (HFU) and ensure that the HFU is well integrated and coordinated with other units and sub-offices of OCHA Somalia.
  - Ensure that OCHA has the capacity to fulfil the SHF accountability requirements, including risk management and implementation of operational modalities.
  - Promote active involvement of existing coordination structures in the SHF processes and ensure that its scope, objectives and allocation strategies are aligned with the HRP.
  - Approve project revisions within the scope of authority delegated and granted by the HC.
  - Interface with headquarters on policy issues related to the SHF.
  - Act as a permanent member of the Advisory Board.

### 3.5. OCHA Somalia Humanitarian Financing Unit (HFU)

39. The HFU is responsible for the daily management of all programmatic and financial aspects of the Fund on behalf of the HC and under the supervision and guidance of OCHA HoO.
40. In support of the HC and AB, and with the assistance of other OCHA sections and units, the HFU will undertake the following tasks:
- a) Management of SHF operations and policy advice to the HC
- Advise the HC and OCHA HoO on Fund strategies and other Fund-related matters.

- Facilitate the development of the SHF scope and objectives and/or allocation paper.
- Provide oversight to the entire funding cycle from allocation launch to project closure.
- Engage with SHF donors and coordinate with other humanitarian donors in the country.
- Draft the resource mobilization strategy and support its implementation in coordination with headquarters resource mobilization efforts.
- Support HC and HoO efforts to link the Fund with the Humanitarian Programme Cycle (HPC) by promoting allocations in alignment with HRPs.
- Support and promote partner compliance with the SHF procedures.
- Produce reports, analysis and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities.
- Promote the complementarity of the SHF and CERF.
- Serve as the AB secretariat.
- Prepare the SHF annual report.
- Facilitate public information sharing with all stakeholders.
- Ensure governance and allocation documentation is available on the SHF webpage of [www.unocha.org/somalia/shf](http://www.unocha.org/somalia/shf).

b) Project Cycle Management

- Facilitate and train stakeholders on SHF processes, including but not limited to programmatic and financial management, and assurance measures, and the use of the Grant Management System (GMS).
- Ensure compliance with processes, systems, templates and tools for CBPFs defined in the global handbook, this Operational Manual and other SHF procedures.
- Provide support to all SHF recipients throughout the allocation process and promote feedback and continuous learning.
- Participate in decision making and facilitate activities associated with the strategic review (project prioritization).
- Participate in decision making and facilitate activities associated with the technical review and ensure the finalization of the technical review.
- Ensure follow up of Fund disbursement and refunding.
- Ensure narrative and financial reporting compliance.
- Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extensions, etc.).
- Ensure Financial Tracking Service (FTS) reporting as required.

c) Implementation of the SHF Accountability Framework

- Support and advise the HC and OCHA HoO on the implementation of the SHF Accountability Framework.
- Coordinate and facilitate capacity and performance assessments, risk management, monitoring, and reporting.
- Ensure compliance with the minimum requirements described in the operational modalities of the Manual.
- Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings.
- Facilitate periodic external evaluations in line with the global agreements on evaluation requirements for the CBPF.

### 3.6. SHF Partners

41. Donor contributions to the SHF are utilized to fund projects carried out by the SHF partners:
- National and international Non-Governmental Organizations (NGOs) that have passed the SHF capacity assessments.
  - UN Agencies, Funds and Programmes (UN AFPs), that have signed the Standard Memorandum of Understanding (MOU) for the Somalia Humanitarian Fund.
42. The responsibilities of the SHF partners:
- a) Application process
- Partners must familiarize themselves with the SHF processes and, if necessary, seek advice from OCHA Somalia HFU and cluster coordinators before applying for funding.
  - They must develop and submit project proposals reflecting and aligned with the allocation strategy and as per guidance of cluster coordinators through the GMS, with all the necessary supporting documents
  - They must adhere to the set timelines and ensure speedy, thorough and responsive review process.
  - They must ensure that due diligence information is dully updated in the GMS.
- b) Implementation
- After the project approval and technical review process, they have to sign Grant Agreement and related annexes specifying the applicable terms and conditions, becoming legally accountable for the proper use of SHF funds according to the terms of the Grant Agreement.
  - Partners commit to comply with all the requirements defined in the Grant Agreement. Some terms of the Agreement may be modified to accommodate the necessary changes arising through the unforeseeable circumstance through the project revision, budget revision and no cost extension. (For details on revision requests partners should contact OCHA Somalia HFU).
- c) Accountability
- Partners need to ensure that robust internal accountability procedures (monitoring, reporting, risk management) are in place and diligently applied in relation to SHF projects. The monitoring and reporting capacity of each partner will be verified during the capacity assessment, the project approval process and during the project cycle.
  - Implementing partners have an obligation to facilitate all SHF accountability activities (see section 5. *Accountability Framework* and specific Grant Agreements), whether conducted by OCHA Somalia HFU, cluster coordinators or any other entity contracted or authorized by OCHA Somalia and the United Nations, including but not limited to visits with partners, external experts or donors; monitoring visits; financial assurance activities; and investigations.
  - Implementing partners shall provide narrative and financial reports in line with the reporting requirements stipulated in the Grant Agreement or its annexes.
  - Implementing partners have to immediately report to the OCHA Somalia any constraints (management, financial, logistical, security) that may significantly affect the implementation or lead to changes of the SHF project.
  - Implementing partners are, as per the Grant Agreement, obliged to immediately report

fraud or suspected fraud. See section 5.9. *Complaint and feedback mechanism*.

- Implementing partners should inform the SHF of any organizational changes at all times, including but not limited to the change of designated signatory and/or legal representative, change of organizational name, change on bank information or contact information.
- Implementing partners are required to provide the requested contact lists of beneficiaries per project for remote call monitoring, when requested by the HFU/SHF.

d) Visibility

- All partners are strongly encouraged to promote their work and assistance funded by the SHF, as per the SHF Visibility Guidelines (Annex 9) and in close partnership and collaboration with OCHA Somalia HFU to maximize the impact of their communication efforts around SHF.

## 4. Allocation process

43. The SHF has two funding windows – *standard* allocation and *reserve*. Unless otherwise decided by the HC in consultation with the Advisory Board, up to 25 per cent of the available funding is kept as reserve and at least 75 per cent is allocated at the time of the first standard allocation. These percentages can be revised based on the humanitarian situation and changes in humanitarian needs. The HC, in consultation with the Advisory Board, decides on the percentages.

### 4.1. Standard allocation

44. The standard allocation process is the core element of the SHF and is used to allocate the majority of funding. The HC, advised by the Advisory Board and in consultation with the Inter-Cluster Coordination Group (ICCG), allocates available funding for priority interventions, based on the analysis of humanitarian needs and strategic priorities. Joint and clusters-specific priorities are outlined in the allocation strategy, which serves as a background for submission of project proposals, which are assessed, reviewed and submitted to the HC for final approval. Standard allocations usually take place twice a year, depending on the funding situation. They include three steps:

- I. strategic prioritization, which may include the apportionment of funding envelopes, and results in the standard allocation paper;
- II. submission of project proposals and prioritization of projects; and
- III. review and approval of recommended projects.

45. The first standard allocation, usually takes place in the first half of the year, after the publication of the HRP and once preliminary data from major assessments is available. The second allocation usually takes place in the second half of the year, after the publication of the mid-year review of the HRP. Strategic prioritization is based on assessed needs and the agreed humanitarian strategy, taking stock of cluster assessments and other information based on the situation at the time of an allocation. While the HC should strive to allocate the available funding as quickly as possible, the number and timing of standard allocations each year may vary depending on the emergence of new crises and the availability of funds. In particular, further standard allocations may be added to ensure that received funding is disbursed quickly.

### 4.2. Standard Allocation process and workflow

46. Steps of the standard allocation process include

- I. Development of the allocation strategy
- II. Submission of project proposals through the GMS
- III. Strategic review by the SRCs
- IV. HC preliminary approval and AB consultation
- V. Technical and financial review by TRCs and OCHA
- VI. Final approval by the HC
- VII. Disbursement

47. The HC initiates a standard allocation process by publishing a standard allocation paper developed based on agreed priorities of the HRP. The HC, supported by the HFU, utilizes existing coordination mechanisms and the ICCG to establish a process that produces

credible and unbiased information to develop the strategy. This process results in an allocation paper which summarizes the analysis, strategy and intent of the standard allocation. The Advisory Board reviews the draft document and advises the HC with regard to the documents finalization.

#### 4.2.1 Step 1: Allocation strategy development

48. The standard allocation paper outlines;

- The humanitarian context in Somalia and priority humanitarian needs for this standard allocation.
- Criteria for the allocation of SHF funds (reflected in a prioritization matrix or scorecard/score sheet).
- The allocation of funding envelopes to priority locations, clusters and/or types of interventions, with guidance to strategic review committees for the prioritization of projects.
- A timeline for the standard allocation process.

49. Once the HC has officially launched the standard allocation process by publishing the allocation paper, clusters disseminate it to their cluster members.

#### 4.2.2 Step 2: Submission of project proposals

50. Only eligible SHF partners may apply for SHF funding. For becoming eligible, a partner must have passed the SHF capacity assessment, have it due diligence approved in the GMS and have no outstanding compliance or oversight issues. The SHF eligibility list is regularly updated, posted on the SHF website and published with the allocation strategy paper. See section 5. *Accountability Framework* for details.

51. HRP projects or subsets thereof are submitted by partners through GMS within the deadline set in the standard allocation paper. Projects, which should strictly address the priorities outlined in the allocation paper, can only be submitted through the GMS.

#### 4.2.3 Step 3: Strategic review

52. The project prioritization and selection process consists of the following sub steps:

- OCHA Somalia HFU conduct an initial pre-review to ensure that submitted proposals are within the geographic scope of the standard allocation and forwards proposals to the SRC members through the GMS.
- SRC meets to review the submitted proposals and prioritizes proposals for SHF funding within the envelope that has been apportioned to the cluster or activity. To further prioritize proposals, the SRC applies the standard prioritization matrixes with scoring in each of the following key areas (i) strategic relevance, (ii) programmatic relevance (iii) cost effectiveness (iv) engagement with coordination and (iv) management and monitoring. Clusters may develop additional, cluster-specific criteria, which should be shared with cluster members and should be reviewed before each allocation.
- Cluster coordinators or SRCs may consult regional cluster focal points for their inputs on humanitarian activities or to verify information required for the review of submitted proposals.
- The SRC may ask organizations to modify or clarify their proposals. Cluster representatives are responsible for technical review of projects, while OCHA conducts a

procedural review to ensure compliance with the guidelines. Cluster coordinator summarizes the recommendation of the SRC and lists the recommended projects on the SHF scoring sheet, ensuring that the views of all SRC members are reflected. The draft scoring sheet is shared with all cluster members for comments, finalized, and submitted to the OCHA Somalia HFU. In addition to projects that SRCs prioritize and recommend for funding, they rank other projects that have been submitted in order of priority.

53. When prioritizing projects, the SRC ensures that the following criteria are respected:

- Recommended funding is strategic and concentrated on the highest-priority projects as defined in the allocation strategy paper, rather than funding a large number of projects that would receive a small amount each.
- Funding responds to the greatest and most immediate needs.
- Selected projects help achieve the strategic priorities and cluster objectives as specified in the HRP. Projects that are ranked as 'high' in the HRP and that score high on the gender marker (2a, 2b) should be prioritized.
- Organizations and their implementing partners have the capacity and expertise to implement projects, have a good record, are represented in the cluster's 3W matrix, and are present in the project area in Somalia.
- Projects can be implemented within 12 months. (In exceptional cases, organizations can request a no-cost extension of up to an additional six months.)
- To reduce overhead costs, pass-through arrangements, where organizations transfer funding to their implementing partner organization without providing any meaningful guidance, coordination, technical advice, monitoring and evaluation capacities or any other function of additional value, are not eligible for funding. Direct implementation of SHF-funded projects in Somalia, rather than through an implementing partner organization, is encouraged as a means to minimize costs and strengthen national partners.
- Organizations have confirmed in their SHF proposal that they do not have any unfulfilled reporting obligations to the Fund, and that they are able to produce an external audit or financial certificate that is not older than 18 months.
- The organization has a valid bank account capable of receiving foreign currency by wire transfer.

54. OCHA Somalia HFU reviews the list of the projects recommend for funding by SRCs, as well as the project documents, to ensure that they comply with all requirements and provide all necessary information. OCHA may ask clusters or organizations to clarify or modify proposals. OCHA may consult relevant agencies for technical advice. In case of cross-cluster proposals, OCHA may convene a meeting between the concerned cluster coordinators to avoid overlap and ensure a coordinated response.

55. If all requirements are fulfilled, OCHA presents the prioritized projects to the AB to allow AB members to raise any critical concerns, questions, or alerts concerning risks; and subsequently to the HC, who makes a final decision. The HC may (a) approve projects, (b) request the relevant clusters for revisions or clarifications, or (c) rejects proposals. The HC, supported by OCHA, publishes the final list of projects to be funded on the SHF website, shares it with the humanitarian community, and instructs disbursement of funds to participating UN organizations and to NGOs upon the finalization of the technical review

56. In case the HC does not approve one or several of the projects recommended by the cluster, the next-ranked project(s) on the scoring sheet is considered for funding. Thus, clusters do

not need to reopen the process for new submissions.

#### 4.2.4 Step 5: Technical and financial review

57. The technical review committees, comprised of technical experts per cluster and OCHA Somalia HFU review project proposals according to their technical merit and the appropriateness of budget provisions. They dedicate sufficient time and effort to ensure that substandard projects are improved or rejected.

58. The technical review stage also includes financial review of projects by OCHA (OCHA Somalia HFU and OCHA HQ/FCS). Both programmatic and financial feedback is compiled and shared with the applicant jointly. Partners should re-submit project proposals at the most three times upon receiving written comments through the technical review process.

#### 4.2.5 Step 6: Final approval by HC

59. The HC officially approves projects recommended through the technical review and signs the grant agreements.

60. Upon signature by the HC, the OCHA Somalia HFU notifies the partner that the project has been approved, and sends the agreement for counter-signature. Once the partner has countersigned, the agreement is sent to OCHA FCS Finance and Administration Unit in New York for the final signature of OCHA Executive Officer. Expenditure and obligations are eligible from the date of signature of the Agreement by the partner.

*Table 1: Standard allocation workflow (with indicative number of days)*

Step	Activity	Responsible	Time required
<b>Step 1</b> Launch of allocation	1.1 Development and launch of Allocation Strategy	* Clusters/ICCG * OCHA * FCS (strategy paper review) * HC * AB	10 working days
<b>Step 2</b> Submission of proposal	2.1 Submission of full project proposal through the GMS	* IP	7 working days
	2.2 General check by HFU (, geographic priorities etc.)	* OCHA HFU	Concurrent
<b>Step 3</b> Strategic review	3.1 SRC reviews projects using GMS based unified allocation scorecard and finalizes shortlist for recommendation to the HC.	* SRC * OCHA HFU	5 working days
<b>Step 4</b> Preliminary HC approval, AB consultation	4.1 Shortlisted projects are reviewed by HFU for risk compliance.	* HC * OCHA HFU	1 working day
	4.2 Projects preliminarily approved by HC and shared with AB for consultation (AB has two working day to object or comment)	* AB * OCHA HFU	2 working days

<b>Step 5</b> Technical and financial review	<b>5.1</b> Technical and Financial review: Cluster Technical Review Committee (TRCs) conduct revision rounds to improve quality of proposals.	* TRC * OCHA HFU * Gender & protection advisor, if available	5-10 working days
	<b>5.2</b> Financial review and budget clearance.	* OCHA HFU * OCHA Finance	10 working days
	<b>5.3</b> Consolidation of financial and technical comments and submission to partners	* OCHA HFU	
	<b>5.4</b> Revision of proposal – max 3 times	* IP	
<b>Step 6</b> Final HC approval	<b>6.1</b> HFU prepares draft Grant Agreement and decides start date in consultation with	* OCHA HFU	2 working days
	<b>6.2</b> HC approves project and signs Grant Agreement; approved projects are shared with the AB for information	* HC	1-2 working days
	<b>6.3</b> Grant Agreement is shared with IP for counter-signature implementation)	* IP	1-2 working days
	<b>6.4</b> Grant Agreement is signed by OCHA EO	* OCHA Finance * OCHA ASB	2 working days
<b>Step 7</b> Disbursement	<b>6.1</b> Following OCHA EO signature, first tranche of funding is disbursed to the partner	* OCHA Finance	10 working days

### 4.3. Reserve allocations

#### 4.3.1 Strategy and workflow

61. The reserve allocation is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies, or contextually relevant needs. The reserve will be used to provide an immediate response in areas not within the HRP as well as regions with highest needs not prioritized in the standard allocation. Reserve allocations are designated to be quicker and lighter than the standard allocation process. It is limited in scope and criteria, compared to standard allocations in order to ensure a rapid and flexible disbursement schedule. The necessity and size of the reserve allocation will be decided by the HC and the Advisory Board.

62. The key requirements for funds allocation through the reserve are:

- The response is life-saving and/or a core emergency humanitarian response: The project will remedy, mitigate or avert direct loss of life, physical and psychological harm or threats to a population or group and/or protect their dignity. This may include common humanitarian services that are necessary to enable life-saving activities and interagency assessments in case of sudden onset disasters.
- The response is time-critical: Necessary, rapid and time-limited actions and resources that are required to minimise additional loss of lives and economic assets, as well as to enable the continuation of humanitarian operations.

63. The following interventions can therefore not be funded through the emergency reserve:

- Preparedness – activities and measures taken in advance to ensure effective response to hazards, including regular stockpiling or pre-positioning of relief goods
- Prevention – activities to avoid and/or minimize effects of environmental or biological

- disaster. This does not exclude activities in response to an ongoing emergency.
- Disaster risk reduction – the conceptual framework to minimize vulnerabilities and disaster risks
  - Early warning – the provision of timely information through identified structures in order to avoid risk and prepare for effective response.
  - Regular assessments, evaluation, profiling and other data collection or data generation activities
64. Project proposals can be submitted to the reserve at any time. To mobilise a response to a particular emergency, the HC, supported by OCHA, may also solicit proposals. In case of a large emergency or a need for a multi-cluster response, OCHA together with the clusters, coordinates the submission of several proposals to the reserve.
65. When reserve allocations expect to receive more than one proposal, or when the HC has called for a limited competitive process, the reserve allocation proposals should undergo a competitive prioritization process through the use of scorecards in the GMS.
66. The recommended minimum limit for reserve projects is \$100,000, with exceptions to be determined by the HC. Project implementation should be implemented within a maximum of 12 months.
67. Cluster coordinators review proposals directly or share them with the members of the SRC for comments. The cluster coordinator can decide to (a) recommend the project for funding, (b) ask for a revision and resubmission of the proposal to the cluster or (c) reject the funding request. Once recommended by the relevant cluster, OCHA Somalia HFU reviews reserve submissions to ensure that all criteria are met, may ask revisions or clarifications, or forward the proposal to the HC. The HC considers proposals based on the recommendation of the relevant cluster or SRC and OCHA, and makes the final decision.
68. Steps of the reserve allocation process
- Allocation strategy development
  - Submission of projects and review of strategic relevance
  - Technical and financial review (the strategic review process above may be combined with the technical review steps below)
  - Final approval by the HC
  - Disbursement

**Table 2: Reserve allocation workflow (with indicative number of days)**

Step	Activity	Responsible	Time required
Step 1 Launch of allocation	1.1 Development of Allocation Strategy <i>Reserve Allocation may choose to use email communication in lieu of a full Allocation. HC review and AB endorsement done remotely.</i>	* Clusters/ICCG * OCHA * FCS (strategy paper review, if time allows) * HC * AB	4 working days
	1.2 HFU launches Strategy on behalf of HC (Allocation Strategy Paper or email notification)	* OCHA HFU	1 working day

<b>Step 2</b> Submission of proposal	<b>2.1</b> Submission of proposal	* IP	3 working days
	<b>2.2</b> General check by HFU (, compliance with template, duplication etc.)	* OCHA HFU	1 working day
	<b>2.3</b> Clusters review of strategic relevance using GMS based simplified scorecard	* Cluster coordinator/CRC * OCHA HFU	2 working days
<b>Step 3</b> Technical and financial review	<b>3.1</b> Technical and Financial review	* TRC * OCHA HFU * *Gender/protection advisor, if available	5-10 working days
	<b>3.2</b> Financial review and budget clearance	* OCHA HFU * OCHA Finance	
	<b>3.3</b> Consolidation of financial and technical comments and submission	* OCHA HFU	
	<b>3.4</b> Revision of proposal - max 3 times	* IP	
<b>Step 4</b> Final approval by HC	<b>4.1</b> HC approves project	* HC	2 working days In parallel with above
	<b>4.2</b> HFU prepares draft Grant Agreement and decides start date in consultation with partner	* HFU	
	<b>4.3</b> HC signs Grant Agreement	* HC	2 working day
	<b>4.4</b> Grant Agreement is shared with IP for counter- signature	* IP	2 working days
	<b>4.5</b> Grant Agreement is signed by OCHA Executive Office	* OCHA Finance * OCHA ASB	2 working days
<b>Step 5</b> Disbursement	<b>5.1</b> Following OCHA EO signature, first tranche of funding is disbursed to the	* OCHA FCS Finance Unit	10 working days

#### 4.4. Start date and eligibility of expenditure

69. The OCHA Somalia HFU will liaise with the implementing partner to determine the start date of the project. The agreed upon start date will be included in the grant agreement's Annex B and updated in the GMS. The HC can then sign the grant agreement.

70. Upon signature by the HC of the grant agreement, the OCHA Somalia HFU notifies the partner that the project has been approved, and sends the agreement to the partner for counter signature. The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the grant agreement occurs before the start date indicated in the grant agreement, the grant agreement start date prevails . If the signature of the grant agreement occurs after the agreed upon start date, the date of the signature of the grant agreement takes precedence.

71. Once the partner has countersigned, the agreement is sent to OCHA FCS Finance and Administration Unit for the final signature by OCHA Executive Officer. Eligibility of expenditures will be determined in accordance with the provisions of the preceding paragraph.

#### 4.5. Project proposal submission

72. All project proposals should be submitted via the GMS on the due date outlined in the allocation paper and/or communicated by the SHF management. Late project proposals will not be accepted. GMS registration is obligatory for all eligible partners prior to the project proposal submission.
73. Project proposals should be prepared in line with the strategic objectives of the HRP and the allocation paper. This needs to be supported by clear log frames with outcomes, outputs, SMART indicators and detailed activities.
74. Projects should be aligned with the HRP and should include the relevant HRP codes.

#### 4.6. Budget preparation

75. All project proposals must have a detailed budget outlining all the project related planned expenditures under relevant budget lines.
76. Budget proposals must reflect the correct and fair budget breakdown of the planned costs and clearly outline units, quantities and percentages. Partners should avoid including only lump sum amounts and provide bill of quantities (BoQs) or budgetary breakdowns including list of items and costs per item to total the unit cost for planned expenditures.
77. Provide a budget narrative that clearly explains the object and the rationale of any budget line. For example, shared costs, large/expensive assets and costs/equipment required to support the regular operation of the implementing partner are cases where the provision of details will be necessary in the budget narrative. See *Annex 2 Budget Guidance* of this Operational Manual for a detailed budgetary guidance.

#### 4.7. Disbursement policy

78. The number and frequency of disbursements to a partner is determined by the Fund's Operational Modalities (see *Table 5* of this Operational Manual):
  - Type of implementing partner (i.e. UN agency, NGO).
  - Partner risk level (for NGOs).
  - Value of the project.
  - Duration of the project.
  - Project location.
79. The first instalment is disbursed within 10 working days of the final signature on the contract by OCHA Executive Officer.
80. Subsequent instalments are to be disbursed upon presentation of evidence that at least 70 per cent of the preceding instalment has been utilized. The partner submits a financial statement reflecting the expenditure to-date and may be requested to provide supporting documentation for a sample or all of the reported expenditure. The HFU may apply other means such as financial spot check, monitoring reports, review of narrative reports and independent audit as assurance mechanisms on the expenditure reported. The results of these verification means will be used to determine the release of subsequent instalments.

#### 4.8. Grant duration

81. Implementation of projects funded by the SHF should not exceed twelve (12) months from the project start date as indicated in the final approved project documents. In exceptional cases, subject to the approval of the HC, projects can go beyond 12 months. The HFU will liaise with the partner to determine the start date of the project. The agreed upon start date will be included in the grant agreement (Annex B). The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the grant agreement occurs after the agreed upon start date in Annex B, the date of the signature of the grant agreement takes precedence. The HC can then sign the grant agreement
82. If necessary, implementing partners can request project revisions and/or no-cost extension to reprogram and/or extend the duration of the grant.

#### 4.9. Revision requests

83. Significant deviations from the original project objectives, including changes in the geographic location of the project, the target population, or the scope of project activities will be assessed on case-by-case basis. Variations of all forms must be brought to the Fund manager's attention with clear and strong justification. Revision requests need to be endorsed by cluster coordinators and approved by the HC.
84. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the justification provided.
85. Project modification requests can be approved by OCHA HoO, if delegated by the HC.
86. Implementing partners are authorized to make budget variations not exceeding fifteen (15) per cent on budget categories of the approved project budget. However, any cost increase to the "Staff and other Personnel Costs" category should be approved in writing by OCHA. Any variations exceeding 15 per cent on any one budget category shall be subject to prior consultations with OCHA and approval by the HC. Any addition of new budget line also requires prior consultation with OCHA and approval by the HC, even if it below 15% variance.
87. Under no circumstances should budget revisions increase the total budget originally approved by the HC.
88. Revision requests are submitted and processed through the GMS after endorsement has been granted by the cluster coordinator.

## 5. SHF Accountability Framework

89. The management of the SHF is based on a risk-based approach to ensure that a thorough analysis of risks has been undertaken and that adequate assurance modalities are identified to mitigate these risks (see *Annex 1 – SHF risk analysis and mitigation matrix*). The SHF risk management and assurance activities are undertaken at various levels on a continuous basis.
90. The SHF Accountability Framework consists of interlinked pillars which include partner capacity and performance assessment and risk rating; project monitoring (field and remote) and financial spot checks; reporting (financial and programmatic); project audits; and evaluations.

### 5.1. Partner capacity and performance assessments

#### 5.1.1 Capacity assessments

91. The main objective of conducting a capacity assessment of partners is to ensure better fund management and improve the effectiveness of the SHF by:
- Acquiring a portfolio of eligible implementing partners that can manage SHF funds;
  - Shifting from a control-based approach to a risk-based management approach that mitigates risks;
  - Identifying partner capacity gaps that need to be addressed.
92. The SHF capacity assessment aims to determine whether an NGO has a sufficient level of institutional, managerial, financial and technical capacity to be considered for eligibility using a standardized assessment process. The following is assessed for each partner: organizational information (10 per cent), technical capacity (15 per cent), funding (5 per cent), coordination and partnerships (5 per cent), financial management (30 per cent), human resources (10 per cent), logistics (15 per cent) and monitoring and evaluation (10 per cent).
93. SHF uses the externally-contracted capacity assessment (ECA) modality or, in exceptional cases, proxy capacity assessment (PCA) modality.
- ECA – the assessment, initiated by OCHA Somalia, is carried out by an external contractor. The assessment may include, but is not limited to, a desk-based review of the documents provided by the implementing partner; interviews with the organization's staff members; visits to the implementing partner's offices; and interviews with key informants such as previous/existing donors and partners, cluster leads and members, and beneficiaries of the NGO.
  - PCA – Depending on the specific features and operating context, needs and availability of information, the capacity assessment of NGO partners may have to be carried out through proxies. Information may include (a) assessments carried out by other donors; (b) existing partnership agreements with other UN agencies and/or bilateral donors; (c) demonstrated experience in the country and access to priority locations; (d) recommendation from clusters regarding the capacity of partners.
94. All SHF partners need to undergo capacity assessment using the ECA modality, unless this is expressly and exceptionally waived by the HC, when the PCA modality is used.

95. Partner capacity assessment rounds are initiated by OCHA Somalia HFU upon endorsement by the HC and AB. Individual capacity assessments can also be initiated on a rolling and needs basis. The criteria for the selection of partners for capacity assessment are determined by the Humanitarian Coordinator with the SHF Advisory Board.

- Step one of the process includes the identification of partners to be assessed and is compiled by OCHA Somalia HFU, in consultation and upon recommendation through the cluster system, on a periodic basis (usually once a year), to address critical capacity gaps in humanitarian response. In exceptional cases, a partner can be recommended due to its sound record and ability to address an immediate gap; and/or if a partner is considered as strategically important by the Humanitarian Coordinator and the SHF Advisory Board.
- During step two of the process (pre-assessment), the prioritized potential partners are pre-screened by OCHA Somalia HFU, which entails a review of due diligence documents to determine their suitability for an in-depth capacity assessment.
- Step three of the assessment is a detailed, field-based capacity assessment using the ECA or, in exceptional cases, PCA modality.

96. The outcome of the capacity assessments determines partners' risk levels. The partner risk level is a dynamic rating that can change over time. Performance in the implementation of SHF projects can trigger changes in the risk level: timeliness of reporting, achievement of project objectives and targets, findings of audits, financial spot-checks, third party call centre and field monitoring, are all elements that influence the risk rating of partners.

97. The threshold of eligibility is determined in consultation with the Advisory Board, based on the capacity assessment results for respective partners. In addition, other relevant and credible information from other sources may also be considered alongside capacity assessment. Using a scoring and weighting system an overall 'score' is given to the partner and eligible partners, based on the individual score obtained during the assessment, are categorized in four risk-level categories (low, medium, high, high- conditional), shown in Table 3 – Risk levels as determined by capacity assessment.

***Table 3: Risk levels as determined by capacity assessment scores***

Score	Status
80 – 100	Organisation is eligible as a Low Risk partner.
65 – 79.99	Organisation is eligible as a Medium Risk partner.
50 – 64.99	Organisation is eligible as a High Risk partner.
40 – 49.99	Organisation is conditionally eligible as a High Risk partner (can receive funding upon demonstrating improvements within the period of six months)
0 – 39	Organization remains ineligible.

98. The score helps determine the appropriate operational modalities and control mechanisms (see *Table 5, Operational Modalities*) applicable to partner's projects, including the disbursement modalities, frequency of narrative and financial reporting, and prioritization of monitoring visits, and maximum budget amount of the projects relative to duration. The score may be adjusted as further information about the partner's performance is collected.

### **5.1.2 Performance management and performance index**

99. SHF continuously assesses performance of partners through the application of monitoring, reporting and financial controls tools, which provide up-to-date information on the quality and success of implementation.

100. Within the SHF Accountability Framework, the GMS-based *performance index* identifies and aggregates the scores from the capacity assessment, audit reports and monitoring results, the quality and timeliness of submitted project document, revision requests and NCEs, and financial performance, as well as credible external sources. Consequently, a rolling aggregate risk level is assigned for each partner (high, medium or low).
101. The collection, analysis and management of required information is undertaken through various methodologies that coincide with the respective pillars of the Framework mainly monitoring and financial spot checks, reporting and auditing. The calculation is automated through the GMS, while changing the actual risk level requires internal endorsement by HFU.

### 5.1.3 Due diligence

102. Partners that passed the SHF capacity assessment need to update the relevant organizational information and documents on focal points, registration certificates, and banking details on a regular basis in the GMS. Any missing or inaccurate information in the due diligence component may prevent a partner from being considered for funding and can cause delays in the overall SHF allocation and contracting process. Approved due diligence in the GMS is the precondition for the partner to rain of the SHF eligibility list. For more information see *Annex 10. SHF due diligence guidance*.

## 5.2. Monitoring

103. Monitoring of partners' projects is applied in accordance with the monitoring plan that is developed for each allocation of funds, in accordance with the Fund's operational modalities. For each funding instance a monitoring plan is developed, specifying the type and frequency of monitoring to be applied on selected funded projects. The basis of this plan is informed by the partner risk level, project duration and amount, location of the project and other relevant information. The type of monitoring tools in the monitoring plan should be able to satisfy the minimum standards set out in the operational modalities.
104. Monitoring activities are meant to verify the implementation level of partners' projects and qualitative aspects of interventions and is conducted remotely through a call-centre and field visits.
105. SHF may use the following monitoring modalities:
- Field visits (OCHA, cluster staff)
  - Third party monitoring
  - Remote call monitoring.
  - Online monitoring and stakeholder surveys.
106. The guiding principle behind the selection of the above methods is to avoid duplication of monitoring efforts and promote synergy. Partners are encouraged and expected to conduct their own conventional monitoring of all funded projects and maintain related records as good project implementation practice towards accountability.

### 5.2.1 Field monitoring and visits

107. Field site monitoring, implemented by OCHA and supported by clusters or other entities, is a critical component of the overall framework in order 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 and information needs to be triangulated through other means.
108. The main purpose of monitoring is to assess progress made towards set targets and to verify the accuracy of reporting submitted by partners. Building on the principles, CBPF monitoring and reporting has the following key objectives::
- I. 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.
  - II. Triangulate information collected through other means, identify gaps and trends in humanitarian operations and reflect on best practices and lessons learned using findings and recommendations for results management, risk mitigation and public information.
  - III. Strengthen partnership and coordination between OCHA, the partner and the local authorities, and to engage and seek feedback from affected communities.
109. Field visits are usually led and conducted by OCHA Somalia. Other entities such as the UN Somalia Risk Management Unit (RMU) may be requested to assist with field visits and spot checks.

### **5.2.2 Third party monitoring**

110. The main focus of third party monitoring (TPM) is to verify that contracted activities are being implemented and associated outputs are delivered. TPM is considered when access is limited, but when independently verified information about the status of implementation of projects (mainly in high risk areas) is required, with particular emphasis on the achievement of project outputs. Key components of the methodology include desk reviews of available fund-related documentation (project proposals etc.) and at least one field visit per project including interviews with key stakeholders, elders and beneficiaries.
111. The analysis takes into account the expenditure rates per partner, the average of accomplishment of indicators based on monitoring reports per project using the SHF TPM template. As such, verification of implementation also involves the scrutinizing of relevant project documents such as M&E plans, beneficiary registers and contact lists, copies of vouchers etc. as well as taking of GPS tagged photos of created assets and goods distributed.
112. During the field visit, the focus is on project activities, inputs and outputs targeted in the project document, while consulting the direct beneficiaries, people from the area who did not directly benefit from the project, staff from the recipient agency that received SHF funding and, if applicable, it's implementing partners, other aid agencies working in the same area and local authorities.
113. For this monitoring, a standard template has been developed at the global level for use during field visits by OCHA staff. However, OCHA Somalia has modified the template further to provide for collection of additional qualitative information by third party monitors.

### 5.2.3 Remote call monitoring

114. The ability to visit project sites either by OCHA staff or even TPM teams depends on access of the respective project locations as well as coordinated timing between the visit and achievement of important milestones in project activities. In using the remote call monitoring (RCM), these challenges are overcome as the calls can be scheduled in a more flexible manner to ensure all beneficiaries, including those in inaccessible areas are reached while also targeting activities reportedly completed by the implementing organization.
115. Remote call monitoring also serves as a cost-effective means of collecting statistics and recording observations from key informants and beneficiaries on progress made on project outputs and satisfaction. Notably, this type of monitoring should only be used as a last resort in cases where there are no other options; the principle is to use enough sources of information to allow for meaningful monitoring.
116. RCM can be performed from safe locations with the sole purpose to conduct telephone interviews with key informants using structured multiple choice questionnaires. Capturing of collected information directly in a web-based platform hosted by the call centre operator using validation logic is useful in providing real-time progress information on projects monitored that would then be shared with HFU.
117. Remote call monitoring process:
- Telephone interviews are conducted with key informants, using structured multiple choice questionnaires guided by a decision tree developed by OCHA Somalia in consultation with Cluster representatives.
  - Lists of phone numbers are provided by OCHA Somalia through their implementing partner;
  - Interviews are captured directly in a web based platform hosted by the Call Centre Operator using validation logic;
  - Real time progress on the assignment through the web based platform is provided;
  - Rate of feedback from beneficiaries in liaison with OCHA Somalia is provided;
  - Reports for each project, stating observations and statistics on respondents' replies to questionnaires are prepared.
118. To develop this application, a list of key informants to be contacted is identified. Subsequently, for each of the informant type and cluster, specific questionnaires are used, including a core questionnaire for each informant as well as specific questions depending on the type of informants and clusters.
119. Every implementing partner is required to provide the requested contact lists of beneficiaries per project, when requested by the OCHA Somalia HFU. This is provided prior to any call campaign, using the beneficiary contacts template. OCHA Somalia HFU identifies the key activities to be monitored and also determines the number of key informant contact details to be collected.

### 5.3. Reporting

120. Reporting is one of the four key elements of the SHF Accountability Framework, involving the rigorous quality review and analysis of narrative reports submitted by NGOs at project mid-term and final. The partner provides narrative and financial reports in line

with the reporting requirements stipulated in the grant agreement or otherwise agreed in the accountability framework. In addition, any constraints (e.g. financial, logistical, security) that lead to significant changes to the project have to be communicated to the HC and/or OCHA immediately. Table 4 summarizes SHF reporting requirements for SHF partners.

**Table 4: SHF Reporting Requirements for NGO Implementing Partners**

Substantive Reporting (Quantitative, Narrative)	Financial Reporting
UN and NGOs (through GMS)	NGOs (through GMS)
<p><b>Quantitative</b> (against standard indicators):</p> <ul style="list-style-type: none"> <li>- Interim report at project midterm</li> <li>- Final report two months after project end-date</li> </ul> <p><b>Narrative</b> (GMS template):</p> <ul style="list-style-type: none"> <li>- <b>Interim report</b> at project midterm</li> <li>- <b>Final report</b> two months after project end-date</li> </ul> <p><i>Note: For projects shorten than six months, narrative reporting is only submitted once, after the completion of the project.</i></p>	<p><b>Interim report:</b> Reporting to be undertaken upon utilization of 70% of disbursed funds and prior to application of the subsequent tranche, where applicable.</p> <p><b>Final report</b> – to be submitted no later than two months after project end-date.</p> <p><b>Category</b> financial reports:</p> <ul style="list-style-type: none"> <li>- IPSAS reporting – to be submitted by 31 January covering expenditure up to 31 December of previous year (unless waived according to article X, paragraph 3 of the GA)</li> <li>- Other ad hoc financial reports (as may be necessary)</li> </ul>
	UN (through MPTF)
	<p>As per provisions of the MoU between MPTF and POs</p> <ul style="list-style-type: none"> <li>- <b>Interim</b> by 15 February for previous year to MPTF</li> <li>- <b>Annual</b> by 31 June for previous year to MPTF</li> </ul>

121. OCHA HFU periodically reports on the use of the Fund through the Annual Report, issued once per year, and other periodic or ad hoc documents (dashboard).

122. To measure its performance, the SHF uses the common performance framework (CPF) for CBPFs, a management tool that provides a set of indicators to assess how well a Fund performs in relation to the policy objectives and operational standards set out in the CBPF Global Guidelines and the SHF Operational Manual.

123. The CPF includes a set of 20 performance indicators to assess the funds' overall ability to deliver their overarching objectives in line with five principles (areas): inclusiveness, flexibility, timeliness, efficiency, and accountability and risk management. In the first quarter of each year, the SHF will discuss the indicators with the AB and set the targets/benchmark and definitions of score ranges based on its context. Prior to finalizing its Annual Report, the SHF will present the results to AB and qualify the indicator's result (critical, below normal, normal, above normal, or exceeding vis-à-vis the context). The final results then will be published in the SHF's Annual Report.

#### 5.4. Financial spot checks

124. Financial spot checks are a central financial control tool used by the SHF. They aim to:

- verify the accuracy of financial records and project documentation;
- obtain reasonable assurance about the financial management of the project;
- assess the soundness of internal controls adopted by the IP and compliance with UN's

Financial Regulations and Rules (FFR);

- follow-up on the recommendations from the previous audit and assessment findings;
- enhance the transparency and sound financial management of resources allocated to the IP.

125. The frequency of spot checks in addition to the global operational modalities is at the discretion of the SHF management and may be determined based on factors such as IP risk rating, grant and tranche value, location of implementation etc. The lead time to notify a partner of the upcoming spot check depends on the nature of the spot check, which is performed at IP's office location. The SHF Prudential, financial & procurement guidelines (Annex 12) and the internal financial controls note provides further guidance on financial spot checks.

## 5.5. Audit

126. Independent audit of all projects funded through the SHF conducted is conducted by an external audit firm and should be triggered within two months after approval of the final financial report.

127. The customized SHF project audits are designed and conducted to highlight individual management and financial findings, based on methodology developed in consultation with auditors and the previous SHF auditing practice.

128. SHF audits are conducted in accordance with the International Standards on Auditing, at locations determined by factors such as implementation, partner risk levels, and security and access considerations. A separate audit report is issued for each project, containing the audit findings and pointing to the areas that need to be addressed by the partner in order to improve its capacity and performance. The audit findings taken into consideration when the partner risk levels or future operational modalities are adjusted.

## 5.6. Operational modalities

129. The information about partners obtained through the SHF Accountability Framework tools, but also through other credible sources, is used to inform decisions on partner engagement modalities. In addition to partner risks level and performance indicators, location risk analysis is consistently used to determine the applicable assurance modalities.

130. The location risk analysis entails two categories:

- Low or medium risk, and high and medium access locations that are either fully accessible for implementation and internal monitoring; or accessible under certain conditions.
- High risk and low access locations which are not accessible for internal monitoring, where there exists and a high risk of non-implementation and where only remote monitoring techniques can be applied (call centre or third party monitoring).

131. In combining these variables (partner and location risks), suitable project follow up activities can be added to the funding tranche modality to ensure the risk mitigation measures adjusted to different projects. The analysis of the risks associated with each project and the review of partner-proposed mitigation measures serve as a basis for determining the type, timing and frequency of monitoring, reporting and audits (as per the SHF Operational Modalities, Table 5).

Table 5: SHF Operational Modalities (2018)

Risk level	Project duration (months)	Project value (thousand USD)	Max amount per project (thousand USD)	Disbursement (% of total)	HIGH RISK LOCATIONS Disbursement (% of total) *	Financial reporting			Narrative reporting		Monitoring		Audit
						For disbursement	Final	31 Jan (IPSAS)	Progress	Final	Project visit	Financial spot-check	
<b>NGOs</b>													
<b>High</b>	Less than 7	< 250		60-40	40-40-20	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		> 250	500	50-50	No funding	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Between 7-12	< 250		40-40-20	40-30-30	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		> 250	900	40-30-30	No funding	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Medium</b>	Less than 7	< 250		100	60-40	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes
		> 250	700	80-20	40-30-30 (max 500)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes
	Between 7-12	< 250		80-20	40-40-20	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes
		> 250	1,300	60-40	40-30-30 (max 800)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes
<b>Low</b>	Less than 7	< 400		100	60-40	Yes	Yes	Yes	-	Yes	-	-	Yes
		> 400		100	60-40 (max 500)	Yes	Yes	Yes	-	Yes	-	-	Yes
	Between 7-12	< 400		100	40-40-20	Yes	Yes	Yes	Yes	Yes	-	-	Yes
		> 400		80-20	60-40 (max 800)	Yes	Yes	Yes	Yes	Yes	-	-	Yes
<b>United Nations agencies, funds and programmes</b>													
<b>N/A</b>	Less than 7	-	-	100	100	N/A	Yes**	Yes	-	Yes	-	-	-
<b>N/A</b>	Between 7-12	< 1,000	-	100	100	N/A	Yes**	Yes	Yes	Yes	-	-	-
		> 1,000	-	100	100	100	N/A	Yes**	Yes	Yes	Yes	Yes	-
					* See Annex 1 that includes the Location Access Risk Map.	** Through MPTF.							

## 5.7. Sanctions measures

132. Through the aforementioned accountability mechanisms, the HC aims to safeguard programmatic and financial management of the SHF. Sanction measures of increasing severity enable the HC to address different levels of non-compliance with the legal terms agreed between the Fund and the recipient organization.
133. NGO performance is monitored continuously and rated as indicated in section 5.2. An NGO with consistently low performance may cease to be eligible to apply for the SHF funding.
134. Separately from performance monitoring and rating, all implementing partners will be sanctioned if any of the following apply:
- Violation of humanitarian principles and breaking codes of conduct (wider than SHF).
  - Indication or confirmation of fraud, corruption or misuse of funds.
  - Critical (high risk) audit findings/qualified audit opinion.
  - Non-refund of unspent and/or ineligible funds.
  - Overdue financial or narrative reports.
  - Non-compliance with agreed programmatic focus and implementation.
  - Non-compliance with Grant Agreement terms and conditions.
  - Submission of false information/ documents.
135. The reference to specific sanctions imposed on implementing partners for non-compliance see Annex 11.

## 5.8. Complaint and feedback mechanism

136. Stakeholders with insufficiently addressed concerns or complaints regarding the SHF processes or decisions should first contact SHF Manager ([kovacm@un.org](mailto:kovacm@un.org)).
137. If concerns remain or if they can for any reason not be raised with the SHF Manager, stakeholders can bring it to the attention of OCHA Somalia senior management or through the anonymous email [shf- feedback@ochasomalia.org](mailto:shf-feedback@ochasomalia.org).
138. OCHA senior management will assess the issue raised and bring it to the attention of the HC, OCHA Somalia HFU or any other relevant entity.

## 5.9. Additional information

139. For additional information consult the following sources:
- Relevant policies and guidelines pertaining the management of SHF can be found on the Fund's website at [www.unocha.org/somalia/shf](http://www.unocha.org/somalia/shf).
  - GMS grant management support and guidance is available at [gms.unocha.org/support](http://gms.unocha.org/support).
  - Real-time funding information is available at [gms.unocha.org/bi](http://gms.unocha.org/bi).
  - Contact: [shfsomalia@un.org](mailto:shfsomalia@un.org) or individual email addresses published on the SHF website.

## 6. List of Annexes (with links)

Download the entire package (ZIP archive)

<http://www.unocha.org/sites/unocha/files/dms/SHF%20Operational%20Manual.zip>

**Annex 1** – SHF Risk Analysis and Mitigation Matrix (February 2018)

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex01.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex01.pdf)

**Annex 2** – Budget Guidance & Financial and Procurement Guidelines (February 2018)

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex02.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex02.pdf)

**Annex 3** – Financial Reporting Guidelines

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex03.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex03.pdf)

**Annex 4** – 2018 Allocation Principles

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex04.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex04.pdf)

**Annex 5** – List of Eligible Partners (link to the latest version at [www.unocha.org/somalia/shf/partners](http://www.unocha.org/somalia/shf/partners) )

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex05.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex05.pdf)

**Annex 6** – Capacity Assessment Questions and Answers (January 2018)

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex06.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex06.pdf)

**Annex 7** – Strategic Review Committee Score Card and Report Template

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex07.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex07.pdf)

**Annex 8** – List of Advisory Board members

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex08.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex08.pdf)

**Annex 9** – SHF Visibility Guidance (February 2018)

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex09.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex09.pdf)

**Annex 10** – Due Diligence Guidance (February 2018)

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex10.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex10.pdf)

**Annex 11** – Sanctions Imposed on Implementing Partners for non-compliance (February 2018)

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex11.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex11.pdf)

**Annex 12** – Common Performance Framework: 2018 SHF Targets

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex12.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex12.pdf)

**Annex 13** – Fraud reporting: Suspected fraudulent acts by partners [[CBPF Form 22.a](#)]

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex13.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex13.pdf)

**Annex 14** – Incident report: theft, diversion, looting [[SHF/CBPF Form 22.d](#)]

[http://www.unocha.org/sites/unocha/files/dms/SHF\\_OM\\_Annex14.pdf](http://www.unocha.org/sites/unocha/files/dms/SHF_OM_Annex14.pdf)

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