

Common Humanitarian Fund for Somalia

Guidelines

I. Context

1. Somalia faces one of the worst humanitarian crises in the world. The Common Humanitarian Fund for Somalia (CHF) supports national NGOs, international NGOs and UN agencies providing humanitarian assistance to people in need in a strategic and timely manner.
2. Following extensive consultations with all concerned partners, the Humanitarian Coordinator (HC) announced his decision to upgrade an existing Humanitarian Response Fund (HRF) to a larger and more strategic Common Humanitarian Fund on 25 November 2009. Establishing a CHF for Somalia aims at addressing funding inequities that have existed over previous years, ensuring that the humanitarian community has a known amount of funding at the beginning of the year, to supplement and complement bilateral funding and to fill strategic and priority cluster and geographic gaps. Based on experiences in other countries, establishing a CHF should increase funding flows from a broader donor base (including from countries with limited or non-existent field representation), the Fund will enhance operational and donor coordination, strengthen the cluster system, and strengthen monitoring and evaluation in the Somalia operation as a whole.
3. A Task Force with representation from the humanitarian UN agencies, local and international NGOs, as well as a donor representative, in consultation with the wider humanitarian community, drafted these CHF Guidelines, which the Inter-Agency Standing Committee for Somalia approved on 27 April 2010.

II. Objectives

4. The CHF has two main objectives:
 1. Strategically fund assessed humanitarian action in Somalia to improve the timeliness and coherence of the humanitarian response
 2. Support priority clusters and regional priorities in accordance with identified needs
5. Further, the CHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering understanding and coordination within and between clusters and humanitarian organizations. As such, the Fund contributes to improving the timeliness and coherence of the humanitarian response, improving needs assessments, enhancing the Consolidated Appeal (CAP) as the strategic planning document for humanitarian action in Somalia, strengthening coordination mechanisms, in particular the cluster system, and improving accountability through enhanced monitoring and evaluation framework.
6. The CHF supported interventions are to be consistent with basic humanitarian principles of humanity, neutrality and impartiality.

7. CHF funding helps to close gaps in priority clusters and regions, and to address funding imbalances between clusters, both in a strategic way. It complements other funding channels and thus contributes to improving overall funding coordination. Priority clusters and regional priorities are defined at each standard allocation, as described in more detail below. The CHF does not support early recovery or development assistance. It may fund common services (UNHAS, UNDSS, and medical and security evacuation facilities) if they directly support the delivery of humanitarian aid and provide equitable access for humanitarian actors. For all funding allocations, the CHF strives for cost-effectiveness. While most funding is allocated during standard allocations, an emergency reserve of 20% of overall funds is maintained to address critical needs that emerge during the course of the year due to unforeseen emergencies and other substantial changes in the humanitarian situation that have not been addressed within the CAP.

III. Allocation Process

8. The HC, supported by OCHA Somalia, manages the CHF. An Advisory Board advises on strategic and policy decisions and regularly reviews the functioning of the CHF (Annex 1 provides more details on the Board). Cluster review committees review and prioritize projects for CHF funding. Cluster coordinators and review committees play a crucial role in the allocation process and need to have the capacity to do so. UNDP's MDTF office serves as the Fund's Administrative Agent (AA) and OCHA serves as the CHF Secretariat and as Managing Agent (MA) as described in the chapter on Financial Management.
9. The CHF has two funding windows: standard allocations and an emergency reserve. At the time of a standard allocation, 20% of available funding is kept as an emergency reserve and the remaining 80% is allocated. These percentages can change based on the humanitarian situation and changes in humanitarian needs. The HC in consultation with the Advisory Board decides on the percentages.

a. *Standard allocations*

10. The standard allocation process is the core element of the CHF and is used to allocate the majority of funding. The HC, advised by the Advisory Board and in consultation with the Inter-Agency Standing Committee (IASC) and the Inter-Cluster Working Group (ICWG), allocates available funding to priority clusters, based on an analysis of humanitarian needs and priorities. Clusters then identify priority, underfunded CAP projects for CHF funding and submit them via OCHA to the HC for review and final approval. Standard allocations usually take place twice a year. They include three steps: allocation of funding envelopes in the standard allocation document, prioritization of projects, and review and approval of recommended projects.
11. The first yearly standard allocation usually takes place in February after the publication of the CAP and the Food Security and Nutrition Analysis Unit (FSNAU) post-Deyr assessment. The second yearly allocation usually takes place in August after the publication of the mid-year review of the CAP and FSNAU post-Gu assessment. Thus, allocations are based on assessed needs and an agreed humanitarian strategy, and, as funding is available early in the year, organizations can plan ahead. While the HC allocates as much funding as possible at the beginning in the year, the number and timing of standard allocations in each year may vary depending on the

emergence of new crises and the availability of funds. In particular, further standard allocations may be added so that received funding is disbursed quickly.

12. **Step 1, Standard Allocation Document:** The HC, supported by OCHA, initiates a standard allocation process by publishing a CHF allocation document that analyses humanitarian needs and identifies priorities for a response to these needs. This is based on the CAP or its mid-year review as the strategic framework for humanitarian action, the FSNAU post-Deyr or post-Gu assessment, and other updated information. The members of the IASC and ICWG provide inputs for the drafting of each standard allocation document. The Advisory Board meets to review a draft of the document and advises the HC with regard to the document's finalization.
13. The standard allocation document specifies regional priorities for the allocation of funding and the exact amount that is available to each priority cluster. It may further specify which type of activity is eligible within a cluster. If needed, the document may allocate funding to crosscutting issues or specific activities, including common services if they directly support the delivery of aid. The standard allocation document specifies the amount of funding that is kept as an emergency reserve, which is further described below. Finally, the document outlines the allocation process and includes a timetable with the deadlines for the prioritization and submission of projects.
14. **Step 2, Project prioritization:** Once the HC has officially launched the standard allocation process by publishing the allocation document, clusters, within the funding envelope that is allocated to them, identify priority projects that they recommend for CHF funding. Each cluster establishes a permanent cluster review committee (CRC) with equitable representation of national NGOs, international NGOs and UN agencies, plus the cluster coordinator and co-chair. Guidelines for cluster review committees are part of Annex 1.
15. The project prioritization process consists of three sub-steps: First, interested organizations are invited to submit their CAP projects (or subsets thereof) to the cluster coordinator, using the CHF proposal template. Second, the cluster coordinator consults regional cluster focal points that are based in Somalia for their inputs on humanitarian activities needed in particular regions and their comments on the proposals submitted for the region they cover. In particular, cluster coordinators should consult regional cluster representatives in areas that are identified as a priority in the standard allocation document. Third, the cluster review committee meets to review the submitted proposals and, taking into account the inputs from regional cluster representatives, prioritizes proposals for CHF funding within the envelope that has been allocated to the cluster. The CRC may ask organizations to modify or clarify their proposals. The cluster is responsible for a technical review of projects, while OCHA conducts a procedural review to ensure compliance with the guidelines. The cluster coordinator summarizes the recommendation of the CRC and lists the recommended projects on the CHF project prioritization template, ensuring that the views of all CRC members are reflected. The draft prioritization document is shared with all cluster members for comments, finalized, and submitted to the Funding Coordination Unit at OCHA. In addition to projects that clusters prioritize and recommend for funding, they rank other projects that have been submitted in order of priority.
16. When prioritizing projects, the CRC ensures that the following criteria are respected:
 - Recommended funding is strategic and concentrated on the highest-priority projects, rather than funding a large number of projects that would receive a small amount each. Partially funding CHF proposals should be avoided. There are no budget limitations.
 - Funding responds to the greatest and most immediate needs.

- Selected projects help achieve the strategic priorities and cluster objectives as specified in the CAP. Projects that are ranked as 'high' in the CAP should be prioritized. Only CAP projects are eligible.
 - 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 simply pass on 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 CHF-funded projects in Somalia, rather than through an implementing partner organization, is encouraged as a means to strengthen national NGOs.
 - Organizations have confirmed in their CHF 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.
 - Implementing partner has a valid bank account capable of receiving foreign currency by wire transfer.
17. **Step 3, Project review and approval:** The Funding Coordination Unit in OCHA reviews the list of the projects that clusters recommend for funding, 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. If all requirements are fulfilled, OCHA submits all prioritized projects to the HC, who makes a final decision. S/he (a) approves projects, (b) requests the relevant cluster for revisions or clarifications, or (c) rejects proposals. The HC, supported by OCHA, publishes the final list of projects to be funded on the CHF website, shares it with the humanitarian community, and instructs UNDP (as AA) to disburse funds to participating UN organizations, including OCHA, and OCHA (as MA) to disburse funds to NGOs. The roles and responsibilities of all organizations involved in this process are described in detail in Annex 1.
18. In case the HC does not approve one or several of the projects recommended by the cluster, the next-ranked project(s) on the prioritization list is considered for funding. Thus, clusters do not need to reopen to process for new submissions. The cluster funding envelope does not change.
19. The following calendar is respected for CHF standard allocations:
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| Day 1 | Step 1: The HC publishes a standard allocation document |
| Day 1 + 1 week | Step 2: Interested organizations submit CHF proposals to the relevant cluster |

Day 1 + 2 weeks	Cluster coordinators consult regional cluster focal points in Somalia
Day 1 + 3 weeks	Cluster review committees prioritize submitted projects, and submit recommendations to OCHA
Day 1 + 4 weeks	Step 3: OCHA reviews the prioritized projects and the HC makes a final decision. If there is a need for clarifications or modifications, this process may take longer.
Day 1 + 5 weeks	Contracts and project financing agreements for approved projects are signed
Day 1 + 7 weeks	UNDP as AA disburses money to UN agencies, OCHA as MA disburses money to NGOs

b. Emergency reserve

20. When allocating funding during standard allocations, the HC also decides on the amount to be kept as an emergency reserve, usually 20% of available funding (the reserve may be replenished or increased with contributions received between two standard allocations). Humanitarian organizations can submit projects to the emergency reserve at any time quickly to respond to a new and unforeseen emergency.
21. In contrast to standard allocations, the emergency reserve is open to projects and organizations whether they are in the CAP or not. However, the emergency reserve should normally not be used to fund CAP projects that were not prioritized during standard allocations. Projects that are already in the CAP can only be submitted to the emergency reserve when circumstances rapidly change so that the implementation of such a project becomes urgent.
22. The emphasis of the emergency reserve is to support rapid response projects that are developed during the first phase of a new emergency and before mainstream responses come on line. The emergency reserve is available for use in response both to naturally triggered disasters – e.g. floods and droughts – and to conflict-related complex emergency crises. The key requirements for funds allocation through the emergency 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.
23. 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 as a contingency measure. However, the replacement of these stocks, when used to respond to an emergency, may be eligible for funding.
 - Prevention – activities to avoid and/or minimise effects of environmental or biological disaster. This does not exclude activities in response to an ongoing emergency.

- Disaster risk reduction – the conceptual framework to minimise 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, evaluations, profiling and other data-collection or data-generation activities.
24. Project proposals can be submitted to the emergency 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 larger emergency or a need for a multi-cluster response, OCHA, together with the clusters, coordinates the submission of several proposals to the emergency reserve.
25. Proposals are submitted on the CHF proposal template. The budget of projects funded by the emergency reserve is limited to \$250,000, in exceptional cases to \$500,000 (the HC decides, based on the recommendation of the cluster). A project's direct project inputs shall account for at least 80% of the budget and administrative and support costs shall not exceed 7% of the budget. Given that grants are for rapid response to new emergencies, project implementation is limited to six months, with a possibility of a no-cost extension of up to an additional three months.
26. Cluster coordinators review proposals directly or share them with the members of the cluster review committee 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 reviews submissions to the emergency reserve to ensure that all criteria are met. OCHA may recommend a proposal to the HC, ask for revisions or clarifications, or reject it. The HC considers proposals based on the recommendation of the relevant cluster and OCHA, and makes a final decision.
27. Once a proposal is submitted to the relevant cluster, the following calendar is respected. Nonetheless, in urgent cases, the HC can waive any of these steps to speed up the process.
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| Day 1 | NGO or UN agency submits proposal to cluster lead, copying OCHA |
| Day 1 + 2 working days | Cluster coordinator reviews proposal directly or consults the members of the cluster review committee (via email or ad-hoc meeting). The cluster coordinator communicates any comments or requests for modifications on the project to the submitting organization. |
| Day 1 + 3 working days | Cluster coordinator recommends the proposal to OCHA or informs submitting organization of his or her decision to reject a proposal or asks for revisions, in which case an additional two working days should be counted from the moment of resubmission. |
| Day 1 + 4 working days | The Funding Coordination Unit at OCHA reviews the proposal. |
| Day 1 + 5 working days | The HC makes a final decision, and instructs UNDP (as AA) or OCHA (as MA) disburse funds. |
| Day 1 + 10 working days | UNDP disburses funds |
| Day 1 +15 working days | OCHA disburses funds |

IV. Financial Management and Disbursement

28. As noted above, the HC, supported by OCHA, manages the CHF. UNDP serves as the Fund's Administrative Agent (AA), receiving funds for the CHF from donors and disbursing them to participating UN agencies, according to the allocation decisions of the HC, as well as providing financial reports and statements on the utilization of the Fund. OCHA, as the Managing Agent (MA), transfers funds to NGOs, according to the decisions of the HC.

Administrative Agent

29. The accountability for UNDP's function as Administrative Agent (AA) is delegated to the Executive Coordinator of the Multi-Donor Trust Fund (MDTF) Office of UNDP, located in New York, which is also responsible for the administration of the CHFs in Sudan, DRC and CAR. The AA functions are performed as much as possible in accordance with UNDG procedures and using standard UNDG documentation. The MDTF Office will maintain regular contact with OCHA Somalia and OCHA headquarters for the establishment, administration and closure of the Fund; liaise with donors for legal agreements covering their contributions to the CHF Somalia; provide support and advice on fund administration matters to participating UN organizations; and participate to reviews and provide advice on AA issues that arise during fund-level evaluations. Principal functions of the Administrative Agent include:

- Conclude a Memorandum of Understanding (MOU) with participating UN organizations
- Conclude Standard Administrative Arrangements (SAAs) with donors
- Receive and administer donor contributions for the CHF, in accordance with the MOU and relevant SAA
- Subject to availability of funds, disburse funds to participating UN organizations as instructed by the HC. The AA will normally make each disbursement within three (3) to five (5) working days after having received instructions from the HC along with the relevant project documents, signed by all participants concerned.
- Maintain an emergency reserve, as directed by the HC
- Report to the HC and donors on the sources and uses of donor contributions received
- Compile informal monthly reports on the financial situation of the CHF, based on the real time financial information available on *Gateway* (see <http://mdtf.undp.org>)
- Consolidate annual and final financial progress reports from participating UN organizations for review and approval by the HC and subsequent dissemination to donors
- Produce annual certified statements on its activities as AA, and final certified statements following the financial closing of the CHF

Managing Agent

30. NGOs involved in the CHF cannot receive funds directly from the AA. Therefore they access the CHF through OCHA, which performs an additional oversight and fund management function as the Managing Agent (MA). OCHA as MA assumes full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent, i.e. UNDP's MDTF office. The HC retains the responsibility for the allocation of funds to specific NGOs and projects.

31. Principal functions of the Managing Agent in Somalia include:

- Prepare and sign a contract between OCHA as Managing Agent and the NGO, including the project document, a detailed budget and other supporting documentation
- Review and validate interim reports and certified financial statements submitted by NGOs
- Contract an independent company to undertake an audit of each NGO project
- Review final narrative reports and certified financial statements submitted by NGOs

- Compile final project reports for review by the HC and Advisory Board

V. Reporting, Monitoring and Evaluation

32. Reporting, monitoring and evaluation are critical in the context of Somalia. The CHF Reporting, Monitoring and Evaluation framework enhances accountability and supports informed decision making. Its objectives are to assess adherence to CHF guidelines and the allocation process, monitor project outputs and the attribution of achievements to CHF funding, assess appropriateness of projects, and increase accountability with project visits. The framework consists of three levels:
- Project level:** Organizations receiving funding from the CHF are responsible to implement, report on and monitor project activities as agreed in the project document. They are accountable to their beneficiaries and should develop mechanisms to involve local communities. In addition, OCHA and clusters organize site visits or remote monitoring of projects with the objective of verifying information provided by organizations and the implementation of project activities.
 - Cluster level:** Cluster coordinators analyze and provide technical advice on aggregated information from CHF projects.
 - Fund level:** OCHA is responsible for aggregating information from all CHF projects and across clusters, to report annually on progress against the objectives of the CHF. In addition, the Fund will be evaluated externally on a regular basis.
33. The monitoring and evaluation structures described here are a starting point, and will be adjusted with the involvement of the Advisory Board. OCHA will progressively set up a Monitoring and Evaluation capacity, which will oversee all three levels of the framework, develop a detailed Monitoring and Evaluation strategy and provide advice and support to all parties involved. Initially, one dedicated international staff supported by other staff within the CHF Secretariat will assume this role but as the fund grows so will the M&E capacity (an organigramme of the Funding Coordination Unit is attached as Annex 2). In future, OCHA's M&E capacity may be merged with a larger M&E structure that is responsible for the overall CAP process and placed outside OCHA.
34. The reporting, monitoring and evaluation framework and structures are linked to the strengthening of risk management for Somalia. The M&E Unit works closely together with the Risk Management System in the HC's office, and regularly share information. Risk Management standards, tools and information, as well as systems for risk analysis, are integrated into the CHF Reporting, Monitoring and Evaluation framework.

Reporting

35. Regular, accurate reporting on CHF allocations is an essential component of the framework. Reporting will be essential at all three levels – by recipient organizations at project level, for reporting against cluster objectives and indicators at cluster level, and at Fund level where cluster reports are consolidated to provide a global picture of the CHF and its contribution towards implementation of the CAP strategy. Reporting requirements, timelines and formats are streamlined as much as possible with the CAP cycle.

36. To compile information received by the CHF Secretariat, a project database is established. The database contains the following elements: allocations and projects, reporting with indicators, disbursements, links to CAP cluster plans with performance indicators, links to CAP projects and links to financial tracking. The database provides information integral to monitoring and evaluation.
37. All templates are available online. Clusters are responsible for distributing templates and reporting requirements to agencies. OCHA is responsible to follow up on and administer project-level reporting, as the CHF Secretariat. OCHA also tracks narrative reporting obligations and prompts recipient agencies for their reports if not submitted on time. **Organizations that are more than one month late with their reporting obligations are temporarily excluded from accessing the CHF.** UNDP, as AA, is responsible for disbursements of funds to participating UN organizations (including to OCHA for disbursement to NGOs) and financial reporting. OCHA is responsible for disbursement to NGOs and financial reporting on NGO projects.
38. The main channel of narrative reporting will be from agency to CHF Secretariat with technical review by clusters. The following levels will each have specific templates for completion by relevant parties for dissemination and use.
- Project level: Agencies to CHF Secretariat with technical review by cluster: reports will be not in the public domain but can be made available upon request
 - Cluster level: Cluster to HC/CHF Secretariat based on aggregated data from project reports
 - Fund level: OCHA presents an Annual Report to the Advisory Board, which is made public and shared with donors once approved by the Board. In addition, OCHA produces shorter public updates following each standard allocation, and answers any requests for specific information (unless that information is confidential). These reports may aggregate and analyze information and achievements at a regional and cluster level.

Monitoring

39. In line with the overall framework, monitoring happens at three levels:
- A. At the project level, agencies have solid project-level monitoring mechanisms, which are described in the project document. Where access is difficult, organizations should use appropriate means for remote monitoring and to improve accountability towards beneficiaries, such as radio broadcasts about entitlements, complaint mechanisms for beneficiaries, triangulation of information. Depending on the type of activity and region, geographical coordinates, photos, bills of quantities, etc. may be a required as part of project documents.
- In addition, OCHA, clusters, peer agencies and external consultants organize site visits to projects at any point of the implementation cycle to assess the progress and to verify information provided in the project interim or final report. The site visits should preferably be in the form of inter-agency missions, and participants must have appropriate expertise. Donors may be invited on such missions. The mission monitoring report is shared with OCHA and the relevant cluster coordinator. Organizations receiving CHF funding will give such missions full access to their projects at any time.
- B. Cluster coordinators and cluster review committees analyze and comment on information aggregated by OCHA in a matrix from all relevant projects. In addition, CHF projects are part of cluster portfolios and appear in clusters' 3W matrices, quarterly reports, CAP chapters, etc.

As each cluster agrees on three to five standard indicators, at least one of these indicators has to be part of a project document, and is used for monitoring progress of each project. At least one indicator per cluster should be based on community involvement.

- C. Clusters and OCHA monitor third-party information (e.g., from FSNAU, Swalim or FEWS Net) periodically to assess whether CHF projects have contributed to improving the humanitarian situation and vice versa, the impact of the situation in Somalia on CHF projects. This assessment is part of the CAP process.

Evaluation

40. The HC sets aside CHF funds for the evaluation of projects, including site visits, by external consultants of a sample of CHF projects, which includes projects from key clusters. For each cluster, cluster review committees develop sampling criteria, which the Advisory Board uses to select projects for an external evaluation. There should be a mix of projects implemented by national NGOs, international NGOs and UN agencies, and of projects with high and low budgets. An external agency should conduct monitoring or evaluation site visits to at least one project per cluster per year.
41. In addition, the HC and the Advisory Board, through OCHA, commission external, independent evaluations of the Fund as a whole to assess its performance against the CHF strategic objectives and/or objectives of any particular allocation round. A first evaluation takes place in September 2011, and further evaluations are carried out in line with global evaluations of all existing CHFs.

VI. Information Management

42. Information management (IM) is critical for effective management of the CHF. It will assist in ensuring transparency and accountability of the fund as well as providing relevant and timely information for evidence-based decisions to ensure needs-based allocation of funds. OCHA is responsible for information management with regard to the CHF and ensures that it has the capacity to fulfil this responsibility. The proposed information management framework will have the following components:

1. Allocation Process

43. For standard allocations and the emergency reserve a package of documents will be made available to partners and clusters to facilitate this process, including: project submission template, cluster review template – prioritization/scoring matrix, allocation matrix, allocation meeting minutes, final list of CHF allocations and CHF disbursements, report templates, templates to report on monitoring and evaluation activities, and forms for no-cost extensions or budget revisions for projects.

2. Reporting

44. The reporting system is described in the previous section on Reporting, Monitoring and Evaluation.

3. Public information

45. Based on the allocation process, project implementation and the reporting of progress, the CHF Secretariat is responsible for developing and disseminating information products for the purposes of transparency and accountability, and communications, advocacy and fundraising. Support will be sought from cluster leads as well as the extended UN communications group, in developing information products when required.
46. Information to be made available:
- Updates on financial information on contributions and allocation, globally via FTS and locally through the CHF website and via standard reports
 - A CHF website (managed by CHF Secretariat) presents relevant documents including TORs, standard allocation documents, templates, timelines, information on donor contributions, information on allocations, and cluster-level and Board reports.
 - A specific document on the M&E system for the CHF will be disseminated, given the importance of M&E in Somalia
 - An end-year report on contribution of the CHF to the CAP will be shared on the website and with donors.
 - The MDTF Office *Gateway* website (<http://mdtf.undp.org>) will provide financial information on CHF in Somalia, including financial tables on donor contributions and transfers to participating UN organizations as real-time data directly extracted from the MDTF Office accounting system. *Gateway* is publicly accessible and provides transparent and accountable fund management services to humanitarian organizations and donors.
47. The public information strategy has a specific fundraising component, falling under the responsibility of the CHF Secretariat with the support of the extended UN Information Working Group. Elements of the strategy will include:
- A standard **one-pager** that is regularly updated, produced by the CHF Secretariat. The document will cover the concept of CHF, its benefits, success stories and a specific reference to M&E systems
 - Detailed **information updates on allocations** following each round are shared with donors and made available online, including a separate section/update on the emergency reserve
 - **Briefing** to donors on achievements of the CHF and its M&E structure. The briefing is included as an agenda item in the regular IASC donor briefings. This complements bilateral donor briefings and the representation of key donors in the Advisory Board
 - Share **quarterly progress reports** on CHF-funded activities with donors, as well as end of year reports

VII. Appeal process and Mediation

48. If the cluster review committee declines to prioritise a project submitted by an agency during the CHF standard allocation process, the submitting agency may appeal the cluster recommendation to the HC through OCHA. The appeal should concern either the substantive aspect of the decision or procedural errors. The appealing organization is required to outline the reasons behind the appeal submission, using the standard CHF template. The HC will make a final decision, in consultation with the Advisory Board at the HC's discretion, whether the project(s) of the appealing agency should be considered priority for standard allocation.
49. The same procedure will apply in case of rejection of a proposal for the emergency reserve. The submitting agency may appeal the negative decision of a cluster to the HC through OCHA, using the standard CHF template. The decision of the HC is final and binding.

50. Should other disagreements arise during the standard allocation process and all the available efforts were exhausted to resolve them at the cluster level, the contentious views shall be noted on the standard CHF template and be communicated to OCHA for possible mediation. OCHA may call upon the HC to resolve the issue.
51. As described in further detail in Annex 1, members of the Advisory Board can ask for issues to be discussed by the Board. This includes appeal cases and disagreements related to the CHF.

Annex 1: Roles and Responsibilities

This annex summarizes the roles and responsibilities of all partners involved in the Common Humanitarian Fund for Somalia.

Humanitarian Coordinator, supported by OCHA

- The HC carries the overall responsibility vis-à-vis donors, participating UN organizations, and NGOs for ensuring that funds channelled through the CHF are allocated in a transparent manner, in accordance with the Fund's objectives and the mechanism outlined above.
- The HC oversees the work of the clusters and the Advisory Board with regard to the CHF, makes the final decision on allocations, and instructs UNDP to disburse funds to participating UN organizations, and OCHA to disburse funds to NGOs accordingly.
- Launch standard allocations by publishing a standard allocation document, which identifies assessed needs, defines priorities for the humanitarian response including regional priorities, and allocates funding envelopes to priority clusters and activities.
- The HC, supported by OCHA, communicates all documentation and decisions regarding the CHF, including funding criteria and decisions on monitoring and evaluation, to the humanitarian country team and clusters.
- The HC oversees the process of monitoring and evaluating the impact and effectiveness of the CHF. Supported by the clusters and OCHA, s/he ensures that ad-hoc teams of NGO, UN, and donor representatives and/or external contractors evaluate projects that are selected by the Advisory Board at its review meetings.
- The HC, together with the Advisory Board, reviews the CHF before and after every standard allocation (i.e., four times a year).

Advisory Board

The Advisory Board comprises four UN agencies, four NGOs, two donor representatives and the HC as its chair. 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, and the NGOs select four NGOs as Board members.

An additional representative from a non-CHF contributing donor is invited as an observer. OCHA participates as the secretariat as well as in its role as Managing Agent. 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, 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 until mid-2011.)

The Board has four main roles:

1. Review the draft CHF allocation document prepared by OCHA for standard allocations and provide comments and recommendations to the HC for the finalization of the document.
2. Review the general functioning of the Fund after each standard allocation, i.e. at least twice year, and advise the HC on necessary adjustments to its rules and procedures.
3. Upon request from the HC, review projects that do not fall within an established cluster (multi-cluster and common services projects).
4. Upon request from the HC, review grievance and appeal cases if not resolved at the cluster level (in line with grievance and appeal procedures). In select cases the Advisory Board can also take the initiative in tabling serious grievance cases.

Any member of the Advisory Board can ask for issues relevant to the CHF to be discussed at Board meetings. A quorum of six members is required for the Board to make recommendations to the HC.

At the fourth regular meeting of the Advisory Board following the second standard allocation (i.e., in the last quarter of the year) overall strategic issues are discussed and decided, and donor pledges for the following year are sought.

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. 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.

The Advisory Board can 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 supporting argumentation and a summary of the discussion within the Board. The Advisory Board selects a set of completed CHF-funded projects to be evaluated externally at least once a year.

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 (in line with appeal and grievance procedures), (c) perform ad-hoc reviews of the CHF mechanism in cases of an unexpected change of circumstance, or (d) perform any other advisory function as judged necessary by the HC.

Participating UN organizations

- Participating UN Organizations assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent.
- Within clusters they actively participate in the discussion on standard allocations and proposals submitted to the CHF's emergency reserve.
- Participating UN agencies give monitoring and evaluation missions full access to their projects.

Participating UN organizations submit the following reports:

- Annual and final narrative reports for each CHF-Somalia-funded project, using the CHF-Somalia reporting template, no later than two months after the end of the calendar year (for annual reports) and no later than two months after the end of the project (for final reports)
- Annual financial statements and reports as of 31 December with respect to the funds disbursed to them from the Fund Account, to be provided no later than four months (30 April) after the end of the calendar year
- Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Fund.

Participating NGOs

- Within clusters, local and international NGOs actively participate in the discussion on standard allocations and proposals submitted to the CHF's emergency reserve.
- NGOs whose projects have been approved by the HC for CHF funding sign an agreement with OCHA acting as Managing Agent.
- Participating NGOs give monitoring and evaluation missions full access to their projects.

Participating NGOs submit the following reports:

- Annual and final narrative reports for each CHF-Somalia-funded project, using the CHF-Somalia reporting template, no later than two months after the end of the calendar year (for annual reports) and no later than two months after the end of the project (for final reports)
- Within two months of a project's end and to access a second and final instalment, NGOs submit a final narrative and financial report to the Funding Coordination Unit at OCHA, using the CHF reporting template.

Cluster coordinators, co-chairs and Cluster Review Committees

- With regards to standard allocations, cluster coordinators are responsible for recommending the allocation of funding to projects within their cluster. Together with the co-chair, they compile a list of projects to be reviewed by the cluster review committee (detailed guidelines for cluster review committees are below). Cluster chairs are responsible for the inclusiveness and transparency of this process. The list of projects selected by the CRC is submitted to the HC and to the Funding Coordination Unit at OCHA for review and to ensure that it is in line with all CHF requirements.
- Clusters contribute to monitoring and evaluation by developing three to five key indicators per cluster, by including CHF projects in their cluster portfolio, by analyzing project reports, by participating in inter-agency project visits, and by providing sampling criteria for the selection of projects for evaluation.

Guidelines for Cluster Review Committees

- **Objective:** Cluster review committees are established in each cluster to review proposals to the CAP and the CHF, and decide whether or not to include proposals in the CAP and prioritize projects for the CHF. Cluster review committees provide technical advice on proposals, they are not representative bodies.

- **Decision making:** CRC members review a scoring system to prioritize projects, which is prepared by the cluster coordinator. 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.
- **Tenure:** The tenure for CRC members is one year. With the exception of 2010, CRCs are established in Sep/Oct of each year, ahead of the CAP process. (The tenure of the CRCs that are constituted for the mid-year review of the CAP 2010 and the first CHF Standard Allocation is 1.5 years, until September 2011.) Thus, CRC tenure is in line with the CAP cycle. During their one-year tenure, CRC members review proposals for the CAP in October, the first CHF Standard Allocation in February, the mid-year review of the CAP in May, the second CHF Standard Allocation in July, and for the CHF Emergency Reserve on a continuous basis (when consulted by the cluster coordinator). Membership is renewable, and there is no limit on the number of times that membership can be renewed.
- **Composition and Size:** Cluster review committees are composed of experts 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 CRC may vary according to the size of the cluster, from 5 members (1 LNGO, 1 INGO, 1 UN, cluster coordinator, co-chair) to 11 members (3 LNGO, 3 INGO, 3 UN, cluster coordinator, co-chair), and is determined by cluster coordinators. If there are fewer organizations of one group in a cluster than seats for that group in the CRC, not all seats are used and the size of the CRC is reduced accordingly. For instance, if there is only one UN agency in a cluster with many member organizations, there may be one UN agency but more than one local and international NGO on the CRC.
- **Criteria:** Organizations included in the 3W matrix (or that meet other cluster membership criteria) are considered cluster members. Only cluster members can be part of a CRC. 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 CRC. Individuals may not be nominated for more than one CRC.
- **Selection Process:** CRC 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: LNGO, INGO, 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 CRC.

UNDP as Administrative Agent

Multi-donor Trust Fund Office in New York:

- Interaction with donors, participating UN organizations and OCHA at headquarters level
- Participation in reviews and provision of advice and input on AA issues that arise in fund-level evaluations

- Conclude a Memorandum of Understanding (MOU) with participating UN organizations
- Conclude Standard Administrative Arrangements (SAAs) with donors
- Receive and administer donor contributions on behalf of the HC
- Disburse funds to participating UN organizations as instructed by the HC
- Maintain an Emergency Reserve, as directed by the HC
- Report to the HC and donors on the sources and uses of donor contributions received
- Produce consolidated annual and final financial reports of the CHF, based on the submission from participating UN organizations for review and approval by the HC and subsequent dissemination to donors
- Produce annual and final certified statements on its activities as Administrative Agent following the financial closing of the CHF
- Maintain the CHF Somalia website on *Gateway* (the MDTF webportal), which contains financial data related to donor contributions and transfers to participating UN organizations, annual and final reports, and other relevant documents related to the CHF in Somalia

OCHA as Managing Agent

Role of OCHA Geneva

- Clear and sign a contract between OCHA acting as Managing Agent and the NGO partner agency, including project proposal, detailed budget and other supporting documentation
- Disburse funds to the NGO partner agency
- Record keeping and financial reporting on funds received and disbursed.
- Respond to financial audit queries
- Prepare Certified Statement of Accounts to donors

Role of OCHA Somalia

- Review and validate interim report submitted by the NGO using the CHF reporting template and including a certified financial statement
- Contract an independent company to undertake audit of projects
- Review final narrative report submitted by the partner, using the CHF reporting template and including a certified financial statement

OCHA as CHF Secretariat

Role of OCHA Somalia

- Formally review projects that clusters recommend for funding for funding during standard allocations or from the emergency reserve to ensure that all necessary information is provided and that all requirements are fulfilled.
- Prepare written documentation and instructions on behalf of the HC to the MDTF Office to disburse funds
- Prepare written communication to NGOs whose projects have been approved by the HC for CHF funding in standard and/or emergency allocation
- Compile final reports for the review by the HC and the Advisory Board
- To improve transparency, the HC ensures that CHF allocations are posted on the Financial Tracking Service and on the CHF website. The HC also ensures that other CHF-related information is regularly shared with humanitarian organizations and with donors.
- Train and inform clusters of their role in the CHF process, and inform organizations in Somalia and in Nairobi on all matters related to the CHF.

Linked to the Funding Coordination Unit in OCHA, the Monitoring and Evaluation unit is responsible to:

- Develop a project and reporting database, which includes standardized indicators
- Review, analyze and comment on reports
- Consolidate and collate data at the cluster and Fund level
- Give technical inputs for the design of evaluations
- Provide organizations with advice on monitoring mechanisms, including for remote monitoring
- Organize inter-agency site visits and external, independent evaluations based on instructions from the HC

Role of OCHA New York – Funding Coordination Section

- Support financial analysis based on the financial data provided by the AA and the MA and ensure donor liaison, provide programmatic support and donor liaison
- Provide training, surge capacity and start-up support (serve as repository for lessons learned and best practices, develop guidelines and standard operating procedures, ensure complementarity, standards and coherence in respect to CHFs, ERFs, CERF and other funding mechanisms)
- Facilitate contact with the New York-based MDTF office in UNDP, and Agencies and facilitating IASC discussions on these matters