

# Common Humanitarian Fund for Somalia

## Standard Allocation Document

### *Second Standard Allocation, February/March 2011*

#### *I. Introduction*

Following extensive consultations, the Common Humanitarian Fund for Somalia (CHF-Somalia) was established in 2010 as an upgrade from the earlier Humanitarian Response Fund. The aim of the CHF is to make humanitarian funding for Somalia more predictable, strategic and flexible. The first standard allocation of the fund took place in June and July 2010 and allocated \$19.7 million for interventions addressing the critical nutrition situation in the country following the WFP suspension of operations in South and Central regions. The CHF's Emergency Reserve provided funding to life-saving and time-critical activities worth some \$5 million in the following months, in particular for drought response.

The CHF Advisory Board met on 3 and 15 February 2011 to discuss the priorities for the second standard allocation of the fund and to advise the Humanitarian Coordinator. The agreed priorities are: 1. interventions targeting IDPs in Puntland, primarily focusing on improving their living conditions through relocation and provision of basic services. 2. Drought response as a package of interventions improving food security of the affected populations in all regions of the country through support to livelihoods, improved access to water, nutrition and health. The priority clusters are **Agriculture and Livelihoods, Health, Nutrition, Protection (under IDP envelope), Shelter (under IDP envelope), and Water, Sanitation and Hygiene (WASH)**. **In addition, key common services have been prioritised.** The Advisory Board will meet again after the allocation to review the process and advise on possible improvements.

The publication of this document on 21 February 2011 allows the Humanitarian Coordinator for Somalia to launch the second standard allocation of the Somalia CHF. The document outlines the allocation of funding envelopes to the eight priority clusters, as well as for common services, taking into account the strategic advice provided by the CHF Advisory Board. From the date of publication of this document, clusters have five weeks to compile a list of priority projects for CHF funding, based on the funding envelope allocated to each cluster. This standard allocation document outlines i) the humanitarian context in Somalia, ii) priority humanitarian needs for this standard allocation derived from the 2011 Consolidated Appeal, the January 2011 FSNAU post-deyr assessment and other information, iii) criteria for the allocation of CHF funds, iv) the allocation of funding envelopes to priority clusters, with guidance to cluster review committees for the prioritization of CAP projects, and v) a timeline for the standard allocation process.

## **II. Humanitarian context**

2011 marks the twenty-year point of the Somalia crisis. During this period, Somalia has been embroiled in conflict and a large part of the population has suffered from a chronic humanitarian crisis.

However, during the same period humanitarian partners were present with coordinated humanitarian assistance and advocacy, helping to save countless lives. In 2010, the humanitarian community provided life-saving emergency assistance including emergency food assistance and clean water to nearly two million people, and basic household items to 200,000 newly displaced. The humanitarian community also supported community resilience to drought with programmes such as livestock vaccinations, food and cash-for-work, and emergency education.

Humanitarian organizations face severe constraints including regular interference in their operations by armed groups, as well as general conflict and insecurity. In 2010, eight aid agencies were banned from working in south-central Somalia. Other agencies still operational do so under very difficult circumstances and often employ 'remote implementation' mechanisms using national staff and local implementing partners. Throughout the country access by humanitarian actors to populations in need is uneven and constantly fluctuates. Implementing agencies undertake a range of measures to maintain the quality and integrity of programmes under difficult circumstances.

## **III. Humanitarian needs and priorities**

Somalia is a protracted and complex emergency. National levels of acute malnutrition are 16.0%, with 4% severe malnutrition which means that 1 in 7 children is acutely malnourished and 1 in 25 severely malnourished. This translates to approximately 241,000 acutely malnourished children, of whom, 57,000 are severely malnourished. This reflects a 7% increase in the overall number of acutely malnourished children from six months ago and a 31% increase in the severely malnourished.

However levels of acute malnutrition vary significantly across the country, with Central and Northern average levels below 15%, and the South recording average levels of 25% acute malnutrition which means 1 in 4 children affected, an increase of 10% in 6 months indicating a significant deterioration in the situation with crisis levels throughout the South.

The failure of the Deyr rainy season, has led to a severe water crisis throughout the country with the exception of north-western regions.

The Deyr crop production season failed, reaching only 19% of average. However due to the earlier good Gu rains (April to June – long rains) leading to a bumper harvest in the Juba and Shabelle regions the combined seasons have produced average levels of local cereal availability in the country. Recently, prices of local cereals have significantly increased in the South (in many areas doubled from the same time last year) likely due to speculation and hoarding.

The body condition of livestock, mostly sheep and cattle in central and southern regions has deteriorated due to lack of pasture and water. This has significantly reduced the prices of livestock and therefore food access for pastoralists. Increased price of water causes additional stress to these households.

**The outlook** for the next rains due in April and early indications are that they will be

below average in most areas. This means local cereal production will be below average therefore prices will continue to rise, especially in the South. Cereal prices will also be affected by the global increase in prices especially sugar and rice, which will mostly affect Central and Northern regions (where rice is consumed more than local cereals). This will also lead to a sustained poor livestock body condition across all species and regions (especially Central and South), increase livestock deaths and thus reduce access to food for pastoralists. Reduced cereal production will impact on labour opportunities for IDP and urban populations, meaning their income at the household will reduce and with the increasing food prices, will further decrease food access at the household, again mostly in the South. Access to food for poor pastoralists will continue to be limited by the livestock losing value against high cereal prices and with additional costs for fodder and water. This will result in considerable stress on poor and vulnerable households.

Malnutrition levels throughout the country will continue to rise with associated increase in mortality in the South exacerbated by food insecurity, increasing disease due to poor quality water and a stressed caring environment as mothers are forced to spend longer looking for food and water. Distress coping strategies will increase such as movement to refugee camps in Kenya and Ethiopia, families splitting, movement into areas with lower cereal prices or relief assistance, incl. central regions and Mogadishu.

As food access in the South is already severely comprised and is bound to deteriorate in the coming months, the following response is needed:

- interventions **to increase household food access** through food and cash based livelihood interventions to protect assets ( i.e. agricultural inputs to benefit from the upcoming rains, incl. fodder, water and de worming for livestock).
- **Services to rehabilitate acutely malnourished children** including increasing food access in their households.
- Increased **access to safe water** and sanitation
- Increased **access to health services** for treatment and prevention of common illnesses and to **prevent outbreaks**

#### **IV. Criteria for allocation of CHF funds**

In line with the priority needs outlined above, the Humanitarian Coordinator and the Board members agreed on the following priorities for the CHF standard allocation:

1. **Interventions targeting IDPs in Puntland**, primarily focusing on improving their living conditions through relocation and provision of basic services. **\$5 million** will be used to accelerate decongestion of the most crowded settlements for displaced people in Puntland, i.e. relocation, and to improve living conditions. Projects can include demarcation and the preparation of new sites, as well as the provision of basic services to displaced people in those new sites, and livelihoods activities. The IDP Task Force will jointly with relevant clusters identify projects addressing these priorities.

## 2. Strategic drought response, preparedness and mitigation measures.

According to the proportion of drought affected people, the total envelope of **\$35 million** will be split between the regions as follows: South 60%, Central 25%, North 15%.

- a. **60% or \$21m** are allocated to South Somalia. This includes **\$15m** for “**Access to food**”. The three concerned clusters (Agriculture and Livelihoods, Food Assistance and Nutrition) should agree on a joint strategy, the further split of these funds and on the prioritization of projects. ‘Access to food’ should not primarily mean food distributions but rather alternative measures, such as food for work, cash for work and, where possible, unconditional cash relief. This envelope also includes **\$3m** for the **Health cluster** (basic healthcare and outbreak control) and **\$3m** for the **WASH cluster**.
  - b. **25% or \$8.75m** are allocated to Central Somalia (Mudug and Galgaduud regions). This includes **\$4m** for the **Agriculture and Livelihoods** cluster, **\$3.5m** for the **WASH** cluster and **\$1.25m** for the **Health** cluster. Projects in the WASH cluster should focus on access to water.
  - c. **15% or \$5.25m** are allocated to drought specific districts in Somaliland and Puntland (primarily Sanaag and coastal areas). This envelope is split between the **WASH** cluster (**\$3.25m**) and the **Agriculture and Livelihoods** cluster (**\$2m**). Projects in the Agriculture and Livelihoods cluster should focus on pastoralist and coastal livelihood zones.
3. **Common services.** Specific activities included under ‘Enabling Programmes’ in the CAP will be supported through an **envelope of \$5 million**. This includes security and medical evacuation activities, as well as assessment, monitoring and capacity building activities in all clusters, FSNAU (both their regular assessment work and specific focused assessments), and the IRIN radio services. OCHA is designated to coordinate, prioritize and recommend common services proposals.
  4. The priority populations are the displaced and people affected by the drought.
  5. The priority **clusters** are **Agriculture and Livelihoods, Health, Nutrition, Shelter, Protection and WASH**.
  6. All interventions prioritised for CHF funding must demonstrate that they address **the critical drought and/or displacement situation** in the priority regions. Integrated and/or complementary interventions across clusters are to be prioritised.

### V. *Allocations per cluster and guidance for project selection*

Since 2010, donors have contributed \$41,183,817 to the CHF. After the subtraction of the funding for the first standard allocation, emergency reserve projects and programme support costs, the current balance of the CHF is \$16,229,930. In addition, donors have pledged some \$41.3 million (this may vary with exchange rates). Thus, the total amount that is available for the CHF is estimated at around \$57 million. To avoid delays, the project selection process will begin based on these commitments, and allocations will be disbursed to organisations whose projects are approved for CHF funding as soon as this funding is deposited into UNDP’s bank account. An estimated

\$675,000 will be reserved for OCHA's indirect costs (3% project support costs of 50% of the standard allocation) in its role as Managing Agent, in addition to requisite auditing costs and 1% in support costs for UNDP in its role as Administrative Agent. In addition, about 20% of the total available funding will be kept in the emergency reserve. Thus, for this second CHF standard allocation to support humanitarian action in Somalia, a total of \$45,000,000 will be available pending the confirmation from several donors.

The list below summarises the allocation of funding under the second standard allocation from the CHF. It excludes the amount that will be kept in the Emergency Reserve, which is \$ 12 million (20% of the overall funding available for the CHF).

### Summary of allocations:

#### Per priority:

Drought	\$35 million
IDPs	\$ 5 million
Common Services:	\$ 5 million

#### Per cluster:

Agriculture and Livelihoods:	\$ 6 million
Health:	\$ 4.25 million
Water, Sanitation and Hygiene:	\$ 9.75 million
Food access envelope:	\$15 million

### ***Guidance and specifications for project prioritization***

As overall guidance for the clusters, it is crucial to ensure that decisions taken with regard to CHF funding allocations are in line with agreed priorities and arrived at through the established coordination mechanism, in particular the cluster review committees.

It is also expected that, within each cluster, projects that have been ranked as high priority in the CAP process will be given consideration when recommending projects for CHF funding and subsequently given priority in the process of disbursing funds. In contrast, if clusters select projects of medium priority for CHF funding, they should justify such a decision. Projects ranked as a low priority should not be prioritized.

When prioritizing projects, cluster review committees should take into account the following **principles**:

1. Only projects in the priority regions above can be prioritized.
2. Projects should be complementary and coordinated across clusters as far as possible.
3. The recommended minimum budget size for CHF projects is \$250,000. In cases where the budget is lower, the cluster has to provide a justification. In particular, clusters should consider making an exception for proposals by Somali NGOs that are based on a CAP project of less than \$250,000.

4. Organisations, as well as cluster review committees, should use the CHF online database and the CHF project ranking tables for the submission and review of proposals.
5. When recommending projects to the Humanitarian Coordinator for funding clusters must rank the selected projects so that the highest priority activities can receive funding first.<sup>1</sup>

In addition, and in accordance with the CHF Guidelines, cluster review committees ensure 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. While the recommended minimum budget is \$250,000, there is no upper limit.
- 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.
- 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 by the recipient agency, rather than through an implementing partner organization, is encouraged.
- Organizations have confirmed in their CHF proposal that they are able to produce an external audit or financial certificate that is not older than 18 months.
- The organisation has a valid bank account capable of receiving foreign currency by wire transfer.

In addition, cluster review committees should develop additional criteria specific to their cluster, according to which they prioritize projects.

### ***Timeline and Procedure***

This CHF Allocation Document is published by the Humanitarian Coordinator on Monday 21 February 2011. From this day, interested humanitarian organisations with

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<sup>1</sup> A balance of \$15.6 million is readily available for the disbursement to highest priority projects. Other projects will receive funding as soon as it is available.

CAP projects in the priority clusters and regions have ten days, i.e. until Wednesday 2 March 2011 to submit project proposals to the relevant cluster lead. Organisations can only submit projects that are already included in the 2011 CAP, or subsets of activities from CAP projects. For the submission of proposals, organizations should use the CHF online database, available at <http://funding.ochasomalia.org/ochachf/> . Only organizations that are based in Somalia and that have very limited internet access can still use the proposal template in MS Excel, available on the CHF website at <http://ochaonline.un.org/somalia/chf> .

Concerned cluster review committees should then meet during the week of Monday 28 February 2011 to start selecting a list of priority projects, their combined budgets being within the limits of the funding envelope allocated to the cluster. As outlined in the additional guidance notes on the second standard allocation, clusters have to involve Somalia-based coordination mechanisms and humanitarian staff by sharing proposals with them for comments. By closure of business on Wednesday 23 March 2011, the cluster leads submit a final list of prioritized projects to the HC via OCHA for his decision on proposals 'in principle' during this same week. OCHA, as the CHF secretariat, will inform clusters and organizations of the HC's decisions. OCHA will then conduct a detailed formal review of projects approved by the HC, and may request organizations for additional clarifications or changes, including adjustments in the budget. The duration of this process depends on the amount of revisions that are required for proposals.

Monday, 21 February 2011	The Humanitarian Coordinator publishes the second CHF Standard Allocation Document
Wednesday, 2 March 2011	Deadline for interested organisations to submit CHF project proposals based on existing CAP projects to relevant cluster lead
Wednesday, 23 March 2011	Concerned clusters have prioritized projects for CHF funding, according to the funding envelope allocated to the cluster.
Friday, 25 March 2011	The Humanitarian Coordinator approves or rejects prioritized proposals 'in principle' and OCHA informs organizations and clusters of these decisions
Monday, 4 April 2011	OCHA conducts a detailed formal review of projects approved by the HC. This process may take longer if substantial changes or several rounds of revisions are needed. OCHA starts preparing the agreements and disbursements for approved and finalized projects.

### ***Emergency Reserve***

The Board members agreed that 20% of available funding, about \$12m, will be kept in the Emergency Reserve. It is expected that the ER will be accessed by agencies more

frequently than in 2010 and that the number of projects funded and the amount allocated from the reserve should increase. The emergency reserve should provide funds for emergency response in Mogadishu, and also fund small low risk projects where there is demonstrated need, and should focus on areas where access has recently opened up or has been promised. It was confirmed that the emergency window can also be used to provide an immediate response in areas not within the CAP, and to speed up drought response. Drought proposals that were already submitted to clusters but were not funded because the drought allocation envelope has been exhausted can also be considered by the emergency window.