



OCHA

United Nations Office
for the Coordination of
Humanitarian Affairs

Sudan Humanitarian Fund Operational Manual

April 2020

TABLE OF CONTENTS

1. Introduction	5
1.1. Purpose	5
1.2. Scope	5
2. Objectives of the Sudan Humanitarian Fund (SHF)	6
2.1. Overall Objectives	6
2.2. Focus of SHF	6
3. Governance	7
3.1. Humanitarian Coordinator (HC)	7
3.2. Advisory Board (AB)	8
3.3. OCHA Head of Office (HoO)	10
3.4. OCHA Humanitarian Financing Section (HFS)	10
3.5. Sector Coordinators	12
3.6. Implementing Partners	12
3.7. Review Committee	13
3.7.1. Strategic Review	13
3.7.2. Technical Review	15
4. Allocation Modalities	16
4.1. Eligibility	16
4.2. Allocation Criteria	17
4.3. Grant Duration	18
4.4. Allocation Types	19
4.4.1. Standard Allocation	19
4.4.2. Reserve Allocation	23
5. Accountability Framework	29
5.1. Risk Management	30
5.1.1. Risk Management at Fund Level	30
5.1.2. Risk Management at Partner Level	32
5.1.2.1. Eligibility Process	33
5.1.2.2. Risk-based Performance Management	36
5.1.2.3. Operational Modalities	37
5.1.2.4. Compliance Measures	39
5.2. Monitoring	38
5.3. Reporting	41
5.3.1. Partner Reporting	43
5.3.2. SHF Annual Report	44
5.4. Audit	44
5.4.1. OCHA Operations Audit	44
5.4.2. Project Audit	45
5.5. Appeals Process and Complaint Mechanism	46
6. Administration of SHF	46
6.1. Budget Preparation Principles	46

6.1.1. Rationale and Basic Principles of the Project Budget	46
6.1.2. Eligible and Ineligible Costs	47
6.1.3. Direct and Indirect Costs	49
6.1.4. Shared Costs	50
6.1.5. Guidance on Itemization of Budget Line	51
6.2. Signature of Grant Agreement	52
6.3 Revisions	53
6.3.1. No-Cost Extension	54
6.3.2. Budget Modification	54
6.3.3. Project Changes	55
6.3.4. Project Closure	56
6.4. Fraud and Other Incidents Involving Loss	56
7. Contact Information	57
8. Review Date	57
9. Annexes	57

Acronyms

AB	Advisory Board
CBPF	Country-based Pooled Fund
CERF	Central Emergency Response Fund
CN	Concept Note
DD	Due Diligence
ERC	Emergency Response Coordinator
GMS	Grant Management System
CBPFS	Country Based Pooled Funds Section
FTS	Financial Tracking Service
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HFS	Humanitarian Financing Section
HPC	Humanitarian Program Cycle
HQ	Headquarters
HRP	Humanitarian Response Plan
IASC	Inter-Agency Standing Committee
ISCG	Inter-Sector Coordination Group
M&E	Monitoring and Evaluation
M&R	Monitoring and Reporting
MoU	Memorandum of Understanding
NCE	No-Cost Extension
NIM	National Implementation
NGO	Non-Governmental Organization
OCHA	Office for the Coordination of Humanitarian Affairs
PSC	Programme support costs
PUNO	Participating United Nations Organization
RC	Review Committee
SRC	Strategic Review Committee
TOR	Terms of Reference
TRC	Technical Review Committee

1 Introduction

1. The Sudan Humanitarian Fund (SHF) is a multi-donor Country-Based Pooled Fund (CBPF) established in 2006 with the aim of ensuring coordinated, timely, strategic and flexible humanitarian organizations working to address the most critical needs of people affected by humanitarian crisis in Sudan. Funding is available to a wide range of humanitarian actors operating in the framework of the Sudan Humanitarian Response Plan (HRP)¹. Funding decisions are made in-country in consultation with the humanitarian community, ensuring collective ownership of the humanitarian response and prioritization by those responding directly to the people in need. The SHF is managed locally by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) under the leadership of the Humanitarian Coordinator (HC) in Sudan.
2. The UNDP Multi-Partner Trust Fund Office (MPTF Office) serves as the Administrative Agent (AA) of the SHF. The AA receives contributions to the SHF from donors, disburses funds upon decision of the Humanitarian Coordinator to the respective Participating UN Organisations (hereafter “the PUNOs”), and provides related financial reports and statements. The PUNOs assume full financial and programmatic accountability for the funds disbursed to them by the AA, use the funds to undertake projects approved by the HC, and provide related narrative and financial reports.
3. The Operational Manual for the SHF is issued by the HC and the Advisory Board (AB). The HC will revisit the Manual as needed to adjust the general direction and programmatic focus of the Fund, thereby ensuring its relevance and effectiveness.

1.1 Purpose

4. The purpose of the Operational Manual for SHF is to describe the governance arrangements, objective, allocation modalities, and accountability mechanisms of the Fund, as well as to detail the roles and responsibilities of the stakeholders involved. This Manual is issued by the HC and endorsed by the AB to:
 - i. Provide clarification and instructions for all stakeholders involved in the management of the CBPF on effective management and governance practices.
 - ii. Describe the steps and requirements of the allocation processes with the aim of enhancing timely and strategic allocation decisions.
 - iii. Provide an overview of the general direction and programmatic focus of the SHF.
5. The goal of this Manual is to guide implementing partners and facilitate the role of OCHA Humanitarian Financing Section/HFS, members of the Review Committees, and sector coordinators.

¹<https://www.humanitarianresponse.info/en/operations/sudan/document/sudan-2020-humanitarian-response-plan>
Sudan Humanitarian Fund (SHF) – <https://www.unocha.org/sudan/about-SHF> -- shfsudan@un.org

1.2 Scope

6. This Manual should be considered in conjunction with the global Operational Handbook for CBPFs². The Manual defines the country-specific regulations that govern the SHF. It is designed within the framework provided by the Handbook, which describes the global set of rules that apply to all CBPFs worldwide and adapt aspects of the global guidelines that are pertinent to the context of humanitarian response in Sudan. Adherence to the guidance provided in the two documents is mandatory so as to ensure standard and transparent processes.

2 Scope and Objectives of the CBPF

2.1 Overall Objective

7. The SHF has three main objectives:
 - i. To improve humanitarian response by increasing the extent to which funding is allocated to priority humanitarian needs through an inclusive and coordinated process at the field level.
 - ii. To strengthen the leadership of the HC.
 - iii. To contribute to the delivery of the Humanitarian Response Plan (HRP) within the context of the Humanitarian Program Cycle (HPC).
8. Further, the SHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between sectors and humanitarian organizations. As such, the SHF contributes to improving needs assessments, enhancing the HRP as the strategic planning document for humanitarian action, strengthening coordination mechanisms, in particular the cluster system, and improving accountability through an enhanced monitoring and reporting framework.

2.2 Focus of the SHF

9. As defines in the Positioning Paper, SHF will focus on the following priorities for its continued relevance:
 - i. Making allocations to the partners that are best placed to deliver humanitarian services. This is based on their field presence and capacity to achieve results, manage risks, and be accountable programmatically and financially. Where appropriate, and with due consideration to the humanitarian principles, the SHF will seek to advance the Grand Bargain commitment and support complementary roles and responsibilities for international and national partners.
 - ii. Supporting the Inter-Sector Coordination Group (ICCG) preemptively identify funding gaps in priority sectors and locations, especially those newly accessible or where anticipatory action is required for a proactive, innovative response. SHF will stimulate multi-sectoral programmes where appropriate, recognizing that single-sector programmes may be more effective in some circumstances.

² https://www.unocha.org/sites/unocha/files/Operational_Handbook_for_OCHA_CBPFs_Version1.2.pdf
Sudan Humanitarian Fund (SHF) – <https://www.unocha.org/sudan/about-SHF> -- shfsudan@un.org

- iii. Strengthening accountability, safeguarding, risk management and prevention of sexual exploitation and abuse (PSEA) by adopting and implementing tailored, bespoke frameworks and monitoring and reporting approaches which facilitate the strategic ambitions of the Fund. SHF will support and affect stimulus to the HCT protection strategy by mainstreaming protection and safeguarding into all aspects of project and programme design, implementation, monitoring and evaluation.
- iv. Seeking complementarity with CERF – through joint prioritization exercises for allocations where relevant – as well as with country-level humanitarian, recovery and development funding mechanisms.

3 Governance

10. The activities of the SHF will be carried out under the overall leadership of the HC. The HC will be supported by an AB and OCHA fulfilling the SHF's secretariat functions. The AB will be chaired by the HC and will welcome the senior-level participation of donors, UN organizations (in their capacity as cluster lead agencies) and NGO representatives. Cluster coordinators play a key role in prioritization, as well as project review at both a strategic and technical level.

3.1 Humanitarian Coordinator (HC)

11. The HC leads the overall management and oversight of the SHF as detailed in the Handbook, supported by the OCHA Head of Office (HoO) and the OCHA HFS, and advised by the AB.
12. The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, supported by OCHA and advised by the AB. Key responsibilities of the HC are:
- i. Leading the process at country level of establishing and closing of the Fund.
 - ii. Defining the scope and objectives of the SHF: its strategic and programmatic focus, governance structures and membership, allocation modalities and processes, accountability mechanisms, and operational modalities.
 - iii. Approving of direct cost for HFS.
 - iv. Approving, reviewing and updating the Manual that is prepared based on the global Handbook.
 - v. Chairing the AB and providing strategic direction for the SHF.
 - vi. Leading country-level resource mobilization for the fund supported by the AB, OCHA Sudan and in coordination with relevant OCHA entities at HQ.
 - vii. Approving the use of and defining the strategic focus and amounts of fund allocations.
 - viii. Ensuring that the AB and strategic and technical review committee(s) function in accordance with the guidelines outlined in the global Handbook and the Manual.
 - ix. Making 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 AB, for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the review committee(s).

- x. Approving projects and initiating disbursements.
- xi. Ensuring complementary use of SHF funding with other funding sources, including the CERF.

3.2 Advisory Board (AB)

3.2.1 Background and Purpose

13. The AB is a governance body with an advisory function that supports the HC to steer the strategy and oversees the performance of the SHF. The final decision-making authority rests entirely with the HC, who is the chair of the AB.
14. The AB supports the HC in developing an overall strategy and overseeing the performance of the SHF. The AB is consulted on key aspects of the management and strategic direction of the SHF, including allocation strategies, resource mobilization and any other major decision taken by the HC related to the fund. The AB also reviews direct costs of the fund³ prior to HC approval.

3.2.2 Main Functions and Focus

15. The AB plays a consultative role and has responsibilities in four key areas:
 - i. Strategic focus: The AB should support 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 scope and objectives of the SHF, outlined in the operational manual, will be reviewed at least once a year. The AB shall advise the HC in setting funding targets and support resource mobilization efforts.
 - ii. Risk Management: The AB endorses the HC and the OCHA Sudan in undertaking periodic risk analyses and reviewing a risk management plan of the fund in accordance with the Risk Management Framework.
 - ii. Transparency of overall process: The AB should monitor the fund processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the fund abides by established policies.
 - iii. Review of operational activities: The AB monitors the operational performance of the fund, providing advice to the HC.

³ E.g.: annual budget of the Humanitarian Financing Section (HFS), monitoring costs, capacity assessments (where relevant), etc.

3.2.3 Membership

16. The composition of the AB is determined by the HC in consultation with the HCT, contributing donors and NGOs. The AB should include an equal number of stakeholder representatives (donors, UN agencies, NGOs and OCHA). Government representation on the AB may be considered, depending on the country context. Adding AB members with observer status, including non-contributing donors, is encouraged to improve transparency of the AB decision-making process and overall coordination of humanitarian response and aid flows.
17. The SHF AB membership is currently composed of the following members:
 - i. Chair: The HC chairs and convenes AB meetings
 - ii. OCHA HoO
 - iii. The contributing donors to SHF. Non-contributing donors may be included in the AB as observers.
 - iv. 3 UN agencies
 - iv. 2 national NGOs
 - v. 2 international NGOs
 - vi. AB Secretariat: OCHA HFS
18. Its membership should be limited to ensure meaningful discussions and quick and effective decision-making. To ensure continuity, the replacement of board members is staggered, so that every year, the representatives of UN agencies, NGOs and donors respectively are replaced (or re-elected). The donors will establish a system for new nomination/re-election each year. One UN agency board member will be replaced each year in January through an election at the HCT. The INGO will replace one board member every year in July through discussion at the INGO Forum. OCHA will help in facilitating a discussion among SHF NNGO partners to replace one board member every year in January. OCHA HFS should be notified of any upcoming election/nomination process, as well as of the outcome.
19. Board members make a commitment to attend all AB meetings, to provide comments by email or on online platforms as required and should be authorised by their constituents to make decisions during AB meetings. AB members should not act in their individual capacity but represent their broader constituency. AB members must be at the senior leadership level (head of agency, etc.).
20. The AB holds, at minimum, quarterly meetings including an Annual General Meeting in the last quarter of the year in which overall strategic issues will be discussed and decided, policy considered, and donor pledges sought. A higher frequency and/or ad hoc meetings may be requested by the HC as s/he deems necessary. A minimum quorum of two third of the members is necessary to go ahead with a meeting of the AB.

3.3 OCHA Head of Office (HoO)

21. 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 according to CBPF Policy Instruction and the global Handbook. The HoO responsibilities with respect to the SHF are to:
- i. Support and advise the HC on strategic issues and resource mobilization.
 - ii. Supervise the OCHA HFS and ensure is well integrated and coordinated with other sections of OCHA Sudan and sub-offices.
 - iii. Ensure that OCHA has the capacity to fulfil its accountability requirements, including risk management, safeguarding and minimum operational modalities.
 - iv. Promote active involvement of existing coordination structures in SHF processes and ensure that SHF scope and objectives (as outlined in the Manual) and/or Allocation Strategy Papers are aligned with the HRP.
 - v. Approve project revisions within the scope of the delegation of authority granted by the HC.
 - vi. Interface with headquarters on policy issues related to the SHF.
 - vii. Act as a permanent member of the AB.

3.4 OCHA Humanitarian Financing Section (HFS)

22. The OCHA HFS responsible for the daily management of all programmatic and financial aspects of the SHF on behalf of the HC and under the supervision of the OCHA HoO, in coordination with OCHA HQ / CBPF Section and the Humanitarian Financing and Resource Mobilization Division. The OCHA HFS executes HC decisions and organizes the process of allocating funds according to the global Handbook and the country Manual. The three main functions of the HFS are summarized as follows:

3.4.1 Management of SHF operations and policy advice to the HC and OCHA HoO

- i. Advise the HC and OCHA HoO on fund strategies and any other policy matters related to SHF.
- ii. Facilitate the development of the SHF scope and objectives and allocation strategy papers.
- ii. Provide oversight to the entire funding cycle from the launch of an allocation to closure of projects.
- iii. Engage with SHF donors and coordinate with other humanitarian donors in the country.
- iv. Draft the resource mobilization strategy and support its implementation in coordination with headquarters resource mobilization efforts.
- v. Support HC and HoO efforts to link the fund with the HPC by promoting allocations in alignment with the HRPs.
- vi. Support and promote partner compliance with SHF procedures.
- vii. Produce reports, analysis and other documents as necessary to support decision-making; coordination, communication and resource mobilization activities.

- viii. Promote the complementary use of the CBPF with funding from other sources, in particular the CERF.
- ix. Serve as secretariat for the AB.
- x. Facilitate public information sharing with all stakeholders.

3.4.2 SHF Project Cycle Management

- i. Ensure compliance with processes, systems, templates and tools for SHF defined in the Manual.
- ii. Facilitate and train stakeholders on the use of the Grant Management System (GMS)⁴.
- ii. Provide support to all SHF recipients throughout the allocation process and promote a feedback system for continuous learning.
- iii. Ensure that allocations are based on prioritized needs and are in line with agreed allocation criteria and strategies.
- iv. Manage and participate in decision making and facilitate activities associated with the strategic review (project prioritization) and the technical review of project proposals.
- v. Oversee approval process including administrative aspects of selected projects.
- vi. Ensure follow up of fund disbursement and refunding.
- vii. Ensure narrative and financial reporting compliance.
- viii. Manage and organize project monitoring.
- ix. Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extensions, etc.).
- x. Ensure Financial Tracking Service (FTS) reporting as required.

3.4.3 Implementation of the SHF Accountability Framework including a monitoring system

- i. Support and advise the HC and OCHA HoO in the development and implementation of the Accountability Framework.
- ii. Develop and manage systems for capacity and performance assessments, risk management, monitoring, and reporting.
- iii. Ensure compliance with the minimum requirements described in the operational modalities of the Handbook.
- iv. Establish eligibility criteria for NGOs and maintains an NGO eligibility list.
- v. Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings.
- vi. Facilitate periodic external evaluations in line with the global agreements on evaluation requirements for the Fund.

⁴ GMS is a web-based platform that supports the management of the entire grant life cycle for the HF. <https://cbpf.unocha.org/>

- vii. Prepare the annual report of the SHF operations.
- viii. Ensure governance and allocation documentation is available on relevant website country page at www.unocha.org/sudan

3.5 Sector Coordinators

23. The sector coordinators support SHF at two levels:
- i. At a strategic level, sector coordinators should ensure that there are linkages between the Fund, the HRP and sector strategies.
 - ii. At an operational level, sector coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects and consult in revision requests.
24. The IASC sector coordinators will undertake the following activities in relation to the SHF:
- i. Facilitate and moderate, where requested, all SHF related processes in consultation with IASC sector partners.
 - ii. Inform needs-based priorities for SHF funding in consultation with IASC sector partners.
 - iii. Advise on identifying, reviewing and recommending priority humanitarian projects (strategic and technical review process) -and recommend partners when requested- for SHF funding based on agreed overall IASC sector priorities and strategies and document these processes.
 - iv. Facilitate the selection of representative SRC and participate in SRC meetings.
 - v. Defend IASC sector strategies and proposals during funding allocation rounds when requested.
 - vi. Propose, upon request, partners with the required programmatic capacity and track record to implement SHF projects.
 - vii. Ensure quality and timely submissions of all SHF related IASC sector materials (i.e. prioritisation information, reporting inputs, IASC sector strategies etc.).
 - viii. Promote the systematic use of relevant standard indicators and standard sector costings for projects.
 - ix. Participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework.
 - x. Advise the revision and no cost extension requests.
 - xi. Upon request, review partner narrative reports and provide input to the SHF annual report.

3.6 Implementing Partners

25. The SHF aspires to provide equitable opportunity to all humanitarian actors. The SHF promotes partnerships with humanitarian organizations to respond quickly and effectively to emergencies. UN agencies, international and national NGOs, and organizations of the Red Cross/Red Crescent⁵ movement

⁵ Organizations of the Red Cross/Red Crescent movement can access funding under SHF. Their applications for funding are handled in the same manner as NGOs (capacity assessments, audit, etc.)

Sudan Humanitarian Fund (SHF) – <https://www.unocha.org/sudan/about-SHF> -- shfsudan@un.org

can apply for and receive funding from SHF. International and national NGOs must undergo the capacity assessment process to become eligible to receive funding from SHF. All UN agencies are eligible to receive funding.

26. In relation to SHF, implementing partners have the following responsibilities:
- i. **Application:** Partners must familiarize themselves with SHF processes and seek advice from the IASC sector coordinator and/or OCHA HFS before applying for funding. In close collaboration with the IASC sectors, the applicant partner develops and submits a project proposal and budget to the SHF (through the GMS) providing all necessary supporting documents, within the given deadlines, and in a responsive manner.
 - ii. **Implementation:** After the approval process, the partner signs a Grant Agreement (GA)⁶ and related annexes which specify the terms and conditions applicable to the approved project. As such they become legally accountable for the proper use of funds according to the terms of the project description and all contractual arrangements. Partners commit to comply with all the requirements defined in the GA and annexes. GAs may be modified to accommodate necessary changes in projects through project revisions (including budget revisions and no cost extensions).
 - iii. **Monitoring:** Partners must have robust internal monitoring and reporting procedures in place. The monitoring and reporting capacity of each partner will be verified during the capacity assessment, the project approval process and finally during the project cycle management. Partners shall facilitate the monitoring of the projects in collaboration with OCHA, IASC sector coordinators and other relevant parties. OCHA and headquarters reserve the right to organize visits with partners, external experts or donors to review completed or on-going project activities.
 - iv. **Reporting:** The partner shall provide narrative and financial reports in line with the reporting requirements stipulated in the GA or annexes. In addition, any constraints (e.g. financial, logistical, security) that may lead to significant changes to the project or the partner's capacity must be communicated to OCHA HFS immediately.

3.7 Review Committees

27. The SHF allocations pass through two types of project review:
- i. a strategic review of project proposals in relation to the Allocation Paper determined by the HC and the AB or in relation to the fund scope and objectives as outlined in the Manual.
 - ii. a technical review which assesses the technical soundness and quality of project proposals. At all times, OCHA HFS will take part in decision making and support review committees in discharging their functions.

⁶ UN agencies have already signed an MoU with the United Nations Development Programme (UNDP) Multi Partner Trust Funds Office, thus only have to sign a project document.

Sudan Humanitarian Fund (SHF) – <https://www.unocha.org/sudan/about-SHF> -- shfsudan@un.org

3.7.1 The Strategic Review Committee (SRC)

28. The sector SRC reviews proposals in relation to the Allocation Strategy Paper including IASC sector specific strategies, the fund scope and objectives as outlined in this Manual.
29. Composition of the SRC
 - i. The SRC is composed of the OCHA HFS representative, the IASC sector coordinator and an equal number of UN agency partners, INGO partners and NNGO partners, where the IASC sector coordinator shall be counted as a UN agency.
 - ii. The SRC is selected in an open and transparent manner on a consensual basis through the IASC sector coordination mechanism (normally in ISCG), where members of the respective review committees should be nominated from the active members of the relevant IASC sectors. Meeting minutes are to be shared with the OCHA HFS.
 - iii. Preference has to be given to members that have not submitted projects to the on-going allocation. SRC members should possess the necessary technical expertise and can participate in a limited number of SRCs per allocation (except OCHA HFS).
 - iv. Composition must be validated by the OCHA HFS before the start of the review.
 - v. The strategic review of projects can be complemented or replaced by a single committee grouping different stakeholders' representatives (a representative sample of UN Agencies and NGOs) when this arrangement better suits the context.
30. Function of the SRC
 - i. The SRC is responsible for the strategic review of project proposals which includes the review of eligibility of projects, scoring, ranking and recommendation of projects funding.
 - ii. After an initial eligibility review by OCHA HFS, the SRC first reviews eligibility of projects in accordance with the eligibility criteria defined in the allocation paper (scoring card).
 - iii. All SRCs then must score all the eligible projects using the same scoring card defined for the allocation. No new criteria for eligibility or prioritization can be invoked by the SRC.
 - iv. The IASC sector coordinator and OCHA HFS ensure that scoring is done in a consistent manner for all projects during one strategic review.
 - v. The SRC scores project proposals based on the information available in the project proposals and the information available to them. Clarification or verification with the partners is not allowed at this stage.
 - vi. At the start of the SRC meeting a cut-off point is defined. Projects on which all members have a score below the agreed cut off point are rejected. OCHA HFS inserts the projects scores in the GMS.
 - vii. Members of the SRC are encouraged to reach consensus on scoring but upon disagreement an average score can be considered – however such cases are expected to be few and extraordinary.

- viii. Overall score results per project cannot be disclosed before all projects have been scored.
- ix. Every SRC considers the respective budget portion of multi-sector projects within their envelope.
- x. After scoring all projects, the projects are then numerically ranked and a cut off threshold below which projects cannot be recommended can be established.
- xi. Based on this ranking, the SRC discusses which proposals to recommend to OCHA HFS and this should be based on criteria defined in the allocation paper.
- xii. When discussing the recommendations of projects, changes to budgets, activities and locations can be recommended when well-founded arguments are given.
- xiii. OCHA HFS prepare a record of the SRC outcomes with input from SRC members.
- xiv. For multi-sectoral projects, each IASC sector SRC reviews respective sector component in the proposal. OCHA HFS manages the consolidated scores and share with relevant sector SRC members.
- xv. In their next respective IASC sector meeting, IASC sector coordinators provide updates to partners regarding the review and recommendation of projects.

31. Role of the SRC

- i. SRC members involved in scoring and recommending of projects are the OCHA HFS representative, the IASC sector coordinator, the two UN agency partners, two INGO partners, two NNGO partners.
- ii. OCHA HFS members facilitate the SRC meeting and ensure quality, transparency and fairness of the process.
- iii. Each SRC member should review each project proposal using the agreed scorecard. This should be done off-line and prior to the SRC meeting. The SRC member will submit the scoring to OCHA HFS according to agreed deadline before the SRC meeting. Failure to do so will result in exclusion from the SRC by OCHA HFS.
- iv. Members of the SRC (including the IASC sector coordinator) cannot be physically present when the project from their organisation/sector lead agency is discussed.

3.7.2 Technical Review Committee (TRC)

- 32. The TRC assess the technical soundness and quality of project proposals and request changes to the project in that respect.
 - i. The TRC is composed of the IASC sector coordinator and OCHA HFS.
 - ii. The TRC undertakes the review and quality control of all SHF project proposals (including budgets, work plan and log-frame) under OCHA HFS's supervision.
 - iii. The TRC members transmit the comments through the GMS to the partner for revision within the number of days specified.
 - iv. TRC members then review if the comments have been addressed and can review the project a second time, if needed.
 - v. Upon agreement of the TRC, the project can be submitted to the HC for final approval.

- vi. If after a second revision of the projects, comments from the members of the TRC have not been addressed, OCHA HFS can recommend not proceeding to the final approval of the project. This recommendation will be presented to the HC for final decision.
- vii. After the final revision of the project proposal by the partner, OCHA HFS will score the quality of the submission (4 - Little or no revision required, 3 - Revisions were required but timely and satisfactorily addressed, 2 - Revisions were required and addressed satisfactorily but late, 0 - Revisions were not addressed satisfactorily) which feeds into the Performance Index.

4 Allocation modalities

33. CBPFs provide the HC with two modalities to allocate funds:
- i. Standard Allocation (SA) is issued on a periodic basis (through an open call for proposals) at the discretion of the HC and linked to the priorities of the HRP.
 - ii. Reserve Allocation (RA) is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies or contextually relevant needs.

4.1 Eligibility

34. Donor contributions to the SHF will be utilized to fund projects carried out by:

i. UN Organizations (UNOs)

35. In order to become eligible for funding from the SHF, United Nations agencies must contact the shfsudan@un.org who will advise on the next steps. UN agencies are required to provide name and contact information for the focal point(s) and the legal representative of the organization, address of main office, and bank information.

36. Once the registration and due diligence form duly filled out has been submitted, OCHA will proceed with its review and approval. Approval of the registration form by OCHA determines the eligibility of the UN agency.

ii. National and international Non-Governmental Organizations (NGOs) and Red Cross/Red Crescent movement

37. OCHA/HFS will carry out a due diligence process and an assessment of the capacity of potential NGO implementing partners. The outcomes of the due diligence and capacity assessment processes will determine the partner's eligibility, and the risk level of the partners considered eligible. The risk rating will in turn influence the control mechanisms (Operational Modalities) that apply to the management of the partner's grants, as described in the Manual.

38. The due diligence and capacity assessment procedures in the context of the SHF are described in the Manual.
39. An Eligible NGO List is regularly maintained. Criteria for partners to remain eligible to receive direct SHF funding are as follows:
 - i. The NGO has received funding in the last three years, given that the partner has been an eligible partner for minimum three years.
 - ii. The NGO continues to meet the technical performance requirements of the SHF.
 - iii. All reporting requirements are met, including project narrative and financial reports.
 - iv. Project monitoring has revealed no significant, un-remedied project performance issues.
 - v. Field-based financial spot-checks have revealed no significant, un-remedied financial issues.
 - vi. There exists no qualified audit opinion for any of the NGO's projects.
 - g. There are no significant audit findings from the annual project audit.
 - h. There are no outstanding payables due to the SHF.
 - i. The NGO has adhered to the SHF's fraud management, mitigation, and reporting requirements.
 - j. The NGO, nor any of its principles, is the subject of on-going investigations or investigation alerts in Sudan or other countries related to financial mismanagement.
 - k. Additional eligibility criteria for partners may be established as required.

4.2 Allocation Criteria

40. The review and approval of project proposals is made in accordance with the programmatic framework and focus described above and on the basis of the following criteria:
 - i. Partner eligibility and capacity: based on approved SHF due diligence and capacity assessment, with due diligence information updated at the time of allocation. Only NGOs listed in the SHF Eligible NGO List are eligible to apply for a direct funding and consortia member.
 - ii. Access: proven existing operational presence and confirmed independent access during/throughout the proposed timeline of the project in the areas of operation within the relevant sector/activities prioritized for this allocation; the location of the project must be clearly identified.
 - iii. Strategic relevance: clear linkage to Humanitarian Response Plan strategic and sectoral objectives, compliance with the terms of the allocation strategy as described in the allocation paper, and alignment of activities with areas of special focus of the Fund.
 - iv. Needs-based: the needs are well explained and documented, and beneficiaries are clearly described.
 - v. Appropriateness: the activities are adequate to respond to the identified needs.
 - vi. Technical soundness and cost effectiveness: the proposal meets technical requirements to implement the planned activities; and the budget is fair, proportionate in relation to the context, and adequate to achieve the stated objectives.

- vii. Risk management: assumptions and risks are comprehensively and clearly spelled out, along with risk management strategies.
- viii. Monitoring: a realistic monitoring and reporting strategy is developed in the proposal. The SHF encourages the use of participatory approaches, involving affected communities in needs assessment, implementation and monitoring and evaluation.
- ix. Grant ceiling: the ceiling per project per allocation is defined based on the partner risk level and project duration, as outlined in the Operation Modalities.
- x. Adherence to humanitarian principles: support a principled humanitarian response.
- xi. Complementarity with other funding: proposal recommending activities that have received funding from other sources should be weighted more favorably than activities that have no other funding, unless justified by the cluster with solid needs analysis. Cluster partners are requested to provide most up to date funding update on FTS.
- xii. Value for Money: projects that can demonstrate the most 'value for money' (e.g. maximum outcome and beneficiary reach for each dollar invested and effectiveness of the intervention) relative to the project budget are prioritized.
- xiii. Time criticality: in accordance with the cluster strategies, the allocations prioritise time sensitive activities, i.e. activities that are most urgent in nature and require immediate response that cannot be postponed.
- xiv. Protection, gender, age and disability mainstreaming: the allocation promotes protection, gender, age and disability mainstreaming and to check the extent to which appropriate measures have been integrated into project design.

4.3 Grant Duration

- 41. 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. Exceptions can be made by the HC when a longer duration is necessary to meet programmatic requirements.
- 42. Project pre-financing will be limited only to the budgeted costs (of the approved project proposal) incurred in the interim period between the project's approval start date (first possible start date is the date when the HC and the Partner have both signed the Grant Agreement) and the date of actual cash disbursement to the recipient project.
- 43. If necessary, implementing partners can request project revisions and/or no-cost extension to re-program and/or extend the duration of the grant. The HC can approve a project revision extending the total duration of the project to a maximum of 15 months. A project duration extension beyond this will only be

considered on an exceptional basis and for clear operation reasons with endorsement from the sector coordinators.

4.4 Allocation Types

4.4.1 Standard Allocation

44. The HC uses the standard allocation process to support targeted priorities within the HRP. The process is informed by the AB and is conducted in close consultation with humanitarian partners to ensure the best possible use of resources. The process is transparent which is essential for the fund to function properly. Transparency should be interpreted as the degree to which all relevant information is communicated to key stakeholders in a timely manner and whether allocation decisions can be documented and rationalized.
45. The process of the standard allocation is executed through a number of steps which are outlined below. The grant ceilings are defined based on the partner risk level and project duration, as outlined in the Operational Modalities. Steps of the standard allocation process:
- i. Allocation strategy development
 - ii. Submission of project proposals
 - iii. Strategic review
 - iv. Preliminary approval by HC
 - v. Technical and financial review
 - vi. Final approval by HC
 - vii. Disbursement

Step 1: Allocation strategy development

46. Allocation strategies are developed based on the priorities and criteria set forth in the HRP. The HC, supported by OCHA HFS, will use existing coordination mechanisms to establish a process that produces credible, unbiased information to develop the strategy. The analysis that supports the development of the strategy should be evidence-based with references to verifiable data. This process results in an allocation paper which summarizes the analysis, strategy and intent of the standard allocation, as well as how the funding strategy was conceived. The priorities of the allocation strategy should be as precise as possible to allow for effective prioritization by sectors. Efforts should be made to seek complementarity with existing funding channels, including the CERF when applicable. The allocation paper includes information on:
- i. How the allocation fits into the humanitarian context
 - ii. Allocation strategy and related priorities
 - iii. Total amount to be allocated (detailed by priority/sector/state to the extent possible)

- iv. Criteria for project prioritization (reflected in a prioritization matrix or “scorecard”).
 - v. Timeline
47. The allocation paper is a strategic document and should not include information on process other than the timeline. The country-specific interpretation of the workflow should be described in the Manual.
48. OCHA HFS develops the allocation paper based on consultation with the Inter-Sector Coordination Group (ISCG) and presented by the HC to the AB for inputs. HFS collects inputs and finalizes the strategy.

Step 2: Submission of project proposals

49. Eligible partners prepare project submissions that address the priorities outlined in the allocation paper. Project proposals are submitted for consideration by the Fund through the GMS.

Step 3: Strategic review

50. This step of the process aims at identifying and prioritizing project proposals considered best suited to address the needs identified in the allocation paper. The pre-selection of projects is intended to stimulate efficiency and allow for a rapid process that correctly targets identified needs.
51. The review committee is responsible for the strategic review and shortlisting of concept notes. Strategic review is carried out on the basis of criteria outlined in a prioritization matrix (scorecards), to be agreed before issuing the allocation paper. OCHA HFS develops the project scorecard that applies standard prioritization matrixes with scoring in each of the following key areas: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination.

Step 4: Preliminary approval by the HC

52. A list of projects, vetted by SRC, is submitted by OCHA HFS for consideration and approval to the HC. The AB is consulted remotely and the HC makes the final decision.
53. Once the HC approves the shortlisted projects, partners will be informed and technical and financial review will commence.

Step 5: Technical and financial review

54. The objective of the technical review process is to ensure that proposals are of the highest possible quality before final approval by the HC. The review committees are comprised of groups of technical experts, per sector/cluster, that review project proposals according to their technical merit and the appropriateness of budget provisions. Sufficient time and effort has to be dedicated to ensure that substandard projects are improved or rejected.
55. The technical review stage also includes financial review by OCHA Finance (OCHA HFS and OCHA HQ/CBPF). The financial review is part of the technical review, so that programmatic and financial feedback can be compiled by the HFS and shared with the applicant jointly.
56. The technical review process involves two-way communication between the review committee and the proposing organization. Partners will be able to re-submit project proposals at the most three times upon receiving written comments through the technical review process.
57. The scoring system for the technical review is embedded in the GMS which allows for tracking of the process until final technical clearance.

Step 6: Final approval by HC

58. If the technical review recommends a project, the HC will officially approve it. OCHA HFS will facilitate the finalization of the contractual arrangements.
59. OCHA HFS will liaise with the partner to determine the start date of the project. The agreed upon start date will be included in the GA. The start date of the GA can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the GA occurs after the agreed upon start date in GA, the date of the signature of the grant agreement takes precedence. The HC can then sign the GA.
60. Upon signature by the HC, OCHA HFS notifies the partner that the project has been approved, and sends the agreement for counter-signature. Once the partner has countersigned, the agreement will be sent to OCHA CBPF Finance and – Executive Office in New York for the final signature. Expenditure and obligations are eligible from the date of signature of the GA by the HC and the partner.
61. Consolidated information on allocation decisions is made available to all stakeholders.

Step 7: Disbursement

62. Following the signature of the GA by all NGO partners (the last signatory being the holder of the delegation of authority in OCHA HQ), funds are disbursed within 10 working days. MPTF Office will transfer the funds to UN agency partners and OCHA as the managing agent.

Table 1. Standard Allocation workflow (with indicative number of days)

Steps/Activities	Timeline
Step 1: Allocation strategy development	
1.1 Supervised by the HoO, OCHA HFS prepares Allocation Strategy Paper (strategic priorities, criteria, process and timeline) in consultation with the ISCG .	15 days
1.2 HC review and AB endorsement of strategy	2
1.3 OCHA HFS launches allocation on behalf of HC	1
Step 2: Submission of proposals	
2.1 Eligible partners submit proposals through the GMS	15
2.2 Proposal (s) are vetted by OCHA HFS (eligibility of partner, template/criteria compliance, duplication of proposals, etc.)	1
Step 3: Strategic review	
3.1 Sector SRCs use GMS-based unified allocation scorecard for projects in their respective sectors.	7
Step 4: Preliminary approval	
4.1 OCHA HFS prepares SRC recommendations for AB review remotely	1
4.2 Recommended projects are submitted to the HC for pre-approval	1
Step 5: Technical and financial review	
5.1 Sector coordinators, OCHA HFS and OCHA HQ/CBPF conduct technical and financial review of pre-approved project proposal with turn-around timing of 48 hrs.	15
5.2 OCHA HFS shares consolidated budget and technical feedback shared with partners	
5.3 Proposal revised – if the project does not meet quality standards thereafter, it is rejected (max. of 3 rounds of revisions)	
Step 6: Final approval by HC	
6.1 OCHA HFS prepares GA for finalized projects and states start dated and reporting timeline in consultation with partner	7
6.2 HC approves project and signs GA	
6.3 Partner counter-signs GA	
6.4 OCHA HQ/Executive Officer signs GA which is uploaded as final in GMS	

Step 7: Disbursement	
7.1 MPTF actions disbursement to UN agencies and OCHA as the managing agent on behalf of OCHA	5
7.2. OCHA HQ/CBPF actions disbursement to NGO partners.	10 days

4.4.2 Reserve Allocation

63. The reserve allocation is intended for rapid and flexible allocation of funds in the event of 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 prioritised in the standard allocation. Reserve allocations are designated to be quicker than the standard allocation process.
64. The reserve allocation targets critical life-saving and/or a core emergency humanitarian response:
- i. in the areas of food security, ES/NFI, health, nutrition, protection and WASH. Support to education and livelihood activities, as well as common services, may also be considered when critical to address lifesaving needs within the response for emergencies timeframe as well as to common services may be considered.
 - ii. address significant recent and new critical humanitarian needs (new displacement, outbreak of diseases, natural disasters).
 - iii. through life saving activities (CERF life-saving criteria, Emergency Response Framework Sudan); and for which a critical funding gap exists.
 - iv. that is time-critical, necessary, rapid and time-limited actions and resources that are required to minimise additional loss of lives and economic assets.
65. Additional criteria for projects include:
- i. The targeted humanitarian needs stem from a sudden-onset event causing a humanitarian emergency, from a significant deterioration in an existing emergency or from a humanitarian emergency situation which has remained inaccessible for humanitarian interventions due to insecurity or access constraints for a prolonged period of time.
 - ii. The projects are based on recent, coordinated and ideally multi-sectoral needs assessments, and prioritized by the Area Humanitarian Country Team and sectors through a consultative process.
 - iii. A coordinated or multi-sectorial response has been considered. The presented analysis should mention the ongoing response as well as why the activities proposed for funding are critical to respond to the needs within a multi sectorial approach and what other critical gaps remain.
 - iv. Activities preferably complement with other funding mechanism (e.g. CERF Rapid Response) and/or donors and/or agencies' own funding.

- v. The need for a response must be time-critical (within 3 months after event or opening of access).
 - vi. Activities for emergencies that were planned for (e.g. new displacement) can only be included if it can be demonstrated that the contingency stocks are depleted and that no other funding is available.
 - vii. Contextually relevant needs (pipelines, common humanitarian services, logistics, etc.) that are necessary to implement life-saving activities or to improve access to affected populations can be part of such responses but cannot constitute a stand-alone response. The relevant sector has to be able to provide an analysis of the pipeline and the critical funding gap that exists.
66. The following interventions can therefore not be funded through the emergency reserve:
- i. Preparedness – activities and measures taken in advance to ensure effective response to hazards, including the issuance of timely and effective early warnings and the temporary evacuation of people and property from threatened locations. However, SHF does support pre-positioning of relief goods particularly allocated to support SHF emergency responses.
 - ii. Prevention – activities to provide outright avoidance of the adverse impact of hazards and means to minimize related environmental, technological and biological disasters. This does not exclude activities in response to an ongoing emergency.
 - iii. Disaster risk reduction- the conceptual framework of elements considered with the possibilities to minimize vulnerabilities and disaster risks throughout a society, to avoid (prevention) or to limit (mitigation and preparedness) the adverse impacts of hazards, within the broad context or sustainable development.
 - iv. Early warning – the provision of timely and effective information through identified institutions, that allows individuals exposed to a hazard to take action to avoid or reduce their risk and prepare for effectiveness response.
 - v. Gap filling for under-funded projects not related to significant recent and new humanitarian needs.
 - vi. Reimbursement for ongoing activities.
 - vii. Projects that have not been funded during a standard allocation.
67. SHF will work closely with the ISCG to improve fast and flexible financing to strengthen innovative and anticipatory mechanisms and approaches to reduce the impact of disasters and address humanitarian needs. SHF will:
- Appraise on the use of anticipatory financing approaches for humanitarian emergencies
 - use relevant information (data) to identify the timing of the response, the type of activities and their estimated cost in a given hazard that can be incorporated into the anticipatory action plan.
 - Be a proponent of fast and flexible anticipatory financing for early action, early response and early recovery, to encourage exploring, developing and
 - strengthen innovative and anticipatory mechanisms and approaches, such as forecast-based and risk financing to reduce the impact of disasters and address humanitarian needs;

- invest in national and local skills, systems and knowledge that will save lives
 - Explore the wealth of data and knowledge collected through the implementation of projects funded by a CBPF that could enrich the analysis of scenarios for establishing triggers.
 - Complement the response of the anticipatory action framework through the activation of the reserve allocation modality using available funding from CBPFs.
68. Reserve allocation consists of three modalities:
- i. Emergency Rapid Response Mechanism (ERRM) modality
 69. The ERR modality is embedded within the approved projects under standard allocation with main focus on critical life-saving emergency responses in health, WASH and ES/NFI sectors. Support to other areas may also be considered when critical to address lifesaving needs within the response for emergencies timeframe with the HC and AB's endorsement.
 70. The maximum budget is \$200,000 for each sector component for a maximum three (3) months duration with a maximum no-cost extension of one (1) month. The budget will cover the service delivery activities, while supplies will be covered by SHF pre-positioned emergency stocks.
 71. At the standard allocation's SRC meeting, the members are requested to agree on nominated standby partners in each states whose projects are recommended by the SRCs. The nominated partners should be a direct implementer / front liner with low risk level according to SHF's partner's performance index (PPI) as reflected in the GMS.
 72. The nominated NGO partners are requested to add one (1) output on ERRM with standard activities, indicators and target as define by SHF in consultation with respective sectors and in line with the HRP and other inter-agency emergency response plan, if any.
 73. The partners will submit a request for activation of the ERRM based on an official request from the authorities with endorsement from the relevant sector coordinators. OCHA should respond to the request within 48 hours.
 74. In the beginning of the year, OCHA HFS in consultation with relevant IASC sector coordinators will propose for pre-positioned emergency stocks for the HC and AB endorsement. Selected UN agencies will submit proposals to GMS accordingly. The stocks will only be dedicated to SHF emergency response projects. The stocks will be reviewed on quarterly basis to ensure availability.

75. Steps of the ERRM modality process:
- Standby partners nomination
 - Submission of request for activation
 - Disbursement

Table 2. Emergency Rapid Response workflow (with indicative number of days)

Steps/Activities	Timeline
Prior to emergency situation	
Step 1: Nomination of standby partners	
1.1 The SRC during standard allocation process to nominate standby partners	1 day
1.2 Standby partners to add one (1) output in their approved standard allocation proposal based on defined standard activities, indicators and targets (<i>Note: TRC and HC approval processes are embedded within the standard allocation process</i>)	2
During the emergency situation	
Step 2: Submission of request for activation	
2.1 Partners submit a request to OCHA HFS for ERR activation along with a formal request from the authorities and concept note based on consultation and endorsement the sector coordinators	2
2.2 OCHA HFS approves the request	2
Step 3: Disbursement	
3.1 MPTF actions disbursement to UN agencies and OCHA as the managing agent on behalf of OCHA	5
3.2 OCHA HQ/CBPF actions disbursement to NGO partners. MPTF office will transfer fund to UN agency partners, which the disbursement process and the time of disbursement may differ.	10 days

ii. Pre-approved proposal modality

76. This modality will be applied in the states that are not covered in standard allocation process with main focus on critical life-saving emergency responses in selected sectors. Support to other areas may also be considered when critical to address lifesaving needs within the response for emergencies timeframe with the HC and AB's endorsement.
77. The maximum budget is \$500,000 for each multi-sector proposal for a maximum three (3) months duration with a maximum no-cost extension of one (1) month. The budget will cover

the service delivery activities, while supplies will be covered by the SHF pre-positioned emergency stocks.

78. In the beginning of the year, the partners will be requested to submit an offline project proposal to OCHA HFS for consideration. The proposals should present indicative logframe, budget, target affected persons and other sections that are possible to be filled in prior to the actual emergency event. The standard activities, indicators and target will be defined by SHF in consultation with respective sectors and in line with the HRP and other inter-agency emergency response plan, if any. When an emergency happens, the standby partners will be requested to submit an updated proposal in GMS with final details.
79. Steps of the pre-approved proposal modality process
- a) Call for proposals
 - b) HC preliminary approval
 - c) Technical and financial review
 - d) Final approval by the HC
 - e) Disbursement

Table 3. Pre-Approved Proposal workflow (with indicative number of days)

Steps/Activities	Timeline
Prior to emergency situation	
Step 1: Call for proposals	
1.1 OCHA HFS prepares call for proposal concept note in consultation with the sector coordinators	5 days
1.2 HC review and AB endorsement of the concept note	2
1.3 OCHA HFS launches call for proposal on behalf of HC	1
Step 2: HC preliminary approval	
2.1 Eligible partners submit off-line proposals to OCHA HFS	5
2.2 Proposal (s) are reviewed by OCHA HFS and the sector coordinators	5
2.3 OCHA HFS to share with the HC and AB for endorsement on the result of the process	1
During emergency situation	
Step 3: Technical and financial review	
3.1 Standby partners are requested to submit updated full proposal in GMS	2
3.2 Sector coordinators, OCHA HFS, OCHA HQ/CBPF and partners conduct technical and financial review of pre-approved project proposal with turn-around timing of 24 hrs.	5

Step 4: Final approval by HC	
4.1 OCHA HFS prepares GA for finalized projects and states start dated and reporting timeline is consultation with partner	3
4.2 HC approves project and signs GA	
4.3 Partner counter-signs GA	
4.4 OCHA HQ/Executive Officer signs GA which is uploaded as final in GMS	
Step 5: Disbursement	
5.1 MPTF actions disbursement to UN agencies and OCHA as the managing agent on behalf of OCHA	5
5.2 OCHA HQ/CBPF actions disbursement to NGO partners. MPTF office will transfer fund to UN agency partners, which the disbursement process and the time of disbursement may differ.	10 days

iii. Rolling-basis modality

80. Under this modality, proposals can be accepted either on a rolling basis, and are considered on a first-come-first-serve basis. The maximum budget for each proposal is \$500,000 with a maximum eight (8) months duration and a maximum no-cost extension of two (2) months.
81. Project proposals can be submitted to the reserve at any time. To mobilise a response to an emergency, the HC, supported by OCHA HFS, may also solicit proposals. In case of a large emergency or need for a multi-sector response, OCHA HFS and the sectors, coordinates the submission of several proposals to the emergency reserve.
82. **OCHA HFS** and the **sector coordinators** conduct technical review and make a joint recommendation to (a) recommend the project for funding, (b) request for a revision and resubmission of the proposal, or (c) reject the funding request. The HC considers proposals based on the recommendation and make final decision.
83. Steps of the rolling-basis modality process:
- a) Submission of projects
 - b) Technical and financial review
 - c) Final approval by the HC
 - d) Disbursement

Table 4. Rolling-basis workflow (with indicative number of days)

Steps/Activities	Timeline
Step 1: Submission of proposals	
1.1 Eligible partners submit proposals through the GMS	5
1.2 Proposal (s) are vetted by OCHA HFS (eligibility of partner, template/criteria compliance, duplication of proposals, etc.)	1
Step 2: Technical and financial review	
2.1 Sector coordinators, OCHA HFS and OCHA HQ/CBPF conduct technical and financial review of pre-approved project proposal with turn-around timing of 24 hrs.	7
3.2 OCHA HFS shares consolidated budget and technical feedback shared with partners	
3.3 Proposal revised – if the project does not meet quality standards thereafter, it is rejected (max. of 2 rounds of revisions)	
Step 3: Final approval by HC	
3.1 OCHA HFS prepares GA for finalized projects and states start dated and reporting timeline is consultation with partner	3
3.2 HC approves project and signs GA	
3.3 Partner counter-signs GA	
3.4 OCHA HQ/Executive Officer signs GA which is uploaded as final in GMS	
Step 4: Disbursement	
4.1 MPTF actions disbursement to UN agencies and OCHA as the managing agent on behalf of OCHA	5
4.2 OCHA HQ/CBPF actions disbursement to NGO partners. MPTF office will transfer fund to UN agency partners, which the disbursement process and the time of disbursement may differ.	10 days

5. Accountability Framework

84. There are two types of accountability that articulate what the main stakeholders involved in SHF processes are responsible for and for which they should be held accountable. The accountability of the SHF management relates to the ability of SHF to achieve its objectives as a humanitarian financing mechanism.
- i. First, the HC, supported by OCHA HFS, is responsible for establishing a process which produces high quality allocation strategies, selects appropriate and qualified partners, monitors implementation and verifies that reported results are genuine and matches those of approved project agreements.

- ii. Second, partners' accountability relates to the requirement of individual organizations receiving SHF funding to achieve expected project results. This means that partners are ultimately responsible for project activities, project outputs and for reporting accurately on results.
85. Accountable use of SHF resources is ascertained through a set of different components which forms an accountability framework. The framework enables the HC to ensure that: (i) partners are delivering intended programmatic results; (ii) the SHF is managed responsibly and according to established guidelines; and ultimately (iii) the SHF is achieving its main objectives. The components are:
- i. Risk management
 - ii. Partner due diligence, capacity assessment and performance monitoring
 - iii. Reporting (financial and programmatic)
 - iv. Project monitoring and financial spot-checks
 - v. Audits (project level)
86. The HC, through OCHA HFS, will take progressive actions to address non-compliance with any requirement stemming from the accountability framework or the relevant contractual agreements.

5.1 Risk Management

5.1.1 Risk Management at Fund Level

87. The management of the SHF is based on a risk-based approach to ensure a thorough analysis of risks is undertaken and that adequate assurance modalities are identified to mitigate these risks. The risk management aims at providing a specific set of tools for the decision-making process to support the achievement of strategic outcomes in a transparent manner. The risk management process includes establish context, risk identification, risk analysis, risk evaluation, risk treatment, monitor and review of the risk identified and communication and consultation around the identified and potential risks.
88. A detailed Risk Management Framework is developed in consultation with stakeholders and identifies the key risks faced by the fund in Sudan and is reviewed at least on an annual basis. The fund-level risk analysis clearly spells out residual risks to enable informed decision-making based on full knowledge of the potential consequences.
89. The Risk Management Framework is an active document that will be regularly updated depending on the changing circumstances. OCHA HFS periodically reports to the HC through the AB on the implementation progress of the risk treatment actions. The AB advises the HC accordingly on the critical risks, assessment of the critical risks and outstanding action plan.

Table 5. Risk analysis and mitigation matrix

Risk	Likelihood	Impact	Mitigation Strategy	Timeframe	Risk Owners	Costing (\$)
Risk Category 1: Strategic and programmatic:						
Risk Drivers :1. Some implementing partners may be given funding based on their ability to access difficult to reach areas and not by capacity. 2) No guidelines of capacity requirements for sub grantees; 3) No or limited access, delay in signing Technical Agreements (TA) (average is 3-4 months), 4) bureaucratic impediments, 5) customs and transportation clearance 6) Expulsion/deregistration of NGOs						
Risk 1: Inadequate programmatic implementation to SHF standards and quality	almost certain	Major	<p>Reduce Risk</p> <ul style="list-style-type: none"> •Low technical capacity and performance of partners failing to meet or exceed cluster specific standards and norms is mitigated through: <ul style="list-style-type: none"> • Continuous performance monitoring of projects and appraisal of IP performance •Implementation of monitoring mission findings on current projects •Monitor certain projects after project closure to verify sustainability. •Decrease ceilings for high and medium risk partners in operational modalities 	on-going	<ul style="list-style-type: none"> •OCHA HFU •Implementing Partners •Cluster Coordinators •Advisory Board •Strategic Review Committees 	US\$300,000
Risk 2: Lack of government collaboration impedes SHF objectives	possible	Major	<p>Accept risk with existing mitigation measures. Possible to ask for a no cost extension/project revision for unforeseen and unanticipated delays; Access negotiations (access dashboard)</p> <ul style="list-style-type: none"> •Advocacy with donors and HC to improve humanitarian operating environment 	On-going	Humanitarian Coordinator/OCHA HoO	No assigned budget
Risk 3 : Cases of sexual exploitation and abuse within SHF funded projects	Possible	Moderate	<p>Reduce risk</p> <p>Existing measures</p> <ul style="list-style-type: none"> •All SHF staff are trained on PSEA. •Ensure all implementing partners have and use policies on Prevention of Sexual Exploitation, Abuse and Harassment (PSEA). •SHF to ensure compliance of all IPs with UN PSEA as part of the due diligence and capacity assessment. •SHF to create and publicise reporting mechanisms 	on-going	<ul style="list-style-type: none"> •OCHA HFU •Implementing Partners 	US\$100,000
Risk 4: Damage of project goods	unlikely	Moderate	<p>Accept risk with existing mitigation measures</p> <ul style="list-style-type: none"> •Security protocols of SHF partners •Mandatory reporting to the SHF TU and timely sharing with OCHA HQ 	on-going	<ul style="list-style-type: none"> •OCHA HoO •OCHA HFU •Implementing Partners 	US\$50,000
Risk Category 2: Financial						
Risk drivers : Limited partner financial management capacity; increased overall corruption practices; high staff turnover						
Risk 1: Late contributions do not allow SHF to reach impact & leverage coordination		Major	<p>Accept risk with existing mitigation measures</p> <ul style="list-style-type: none"> •Review processes requested by donors carried out •Continuously promoting the SHF, emphasising comparative advantages, enhanced accountability and value for money. •Activate SHF Resource mobilization strategy and activities •Discuss the possibilities of other (development) stakeholders' engagement to take over projects to ensure sustainability (e.g. Protracted Displacement Pilot) 	on-going	<ul style="list-style-type: none"> •Humanitarian Coordinator •OCHA HoO •OCHA HFU •Cluster Coordinators •OCHA CBPFs •Advisory Board •Donors 	US\$200,000
Risk 2: Cash shortages and currency fluctuations affect timeliness of interventions	Likely	Major	<p>Reduce Risk</p> <ul style="list-style-type: none"> •Where feasible continue to promote cash based programming but if challenge persists, in-build flexibility in allocations to allow use of in-kind programming. •Humanitarian coordinator to advocate with banks to prioritise access to cash for humanitarian aid organisations. •Allow re-programming for National partners who receive grants in local currency. 	on-going	<ul style="list-style-type: none"> Humanitarian Coordinator. •OCHA HFU •Implementing Partners •Cluster Coordinators 	US\$100,000
Risk 3: Risk of fraud/corruption/facilitation payments/financial mismanagement	Likely	Major	<p>Reduce Risk</p> <ul style="list-style-type: none"> •Use risk based grant management such as frequent financial spot checks, audits, mandatory anti-fraud policy for all implementing partners •Use performance monitoring to adapt risk levels of partners •Forensic audits (review of partner costs) •Regular project implementation monitoring •Encourage transparent budgeting/declaring external entity payments and advocacy with the donor community towards the authorities •Communication protocol on underperformance and fraud suspicion in place •Mandatory timely incident and fraud reporting 	on-going	<ul style="list-style-type: none"> •OCHA HFU •Implementing Partners •Cluster Coordinators 	US\$100,000
Risk 4: Damage of project goods	unlikely	Moderate	<p>Accept risk with existing mitigation measures</p> <ul style="list-style-type: none"> •Security protocols of SHF partners •Train IPs on SHF mandatory reporting to the SHF TU timely sharing with OCHA HQ 	in place	<ul style="list-style-type: none"> •Humanitarian Coordinator •OCHA HoO •OCHA HFU •Implementing Partners •OCHA CBPFs 	US\$50,000
Risk Category: Governance and internal management						
Risk drivers: Lengthy periods of SHF team operating under required capacity in terms of human resources; Low level of engagement of the Advisory Board, IASC sector coordinators and other stakeholders due to competing priorities						
Risk 1: Inadequate capacity of fund management unit and leadership	Possible	Moderate	<p>Transfer/reduce risk Transfer/reduce risk</p> <p>Existing measures</p> <ul style="list-style-type: none"> •Possibility of Surge capacity to fill in existing HR gaps •Revised M&R set up •Operational Manual makes procedures more systematic •Follow-up on discussion on mobility and recruitment with HQ 	on-going	<ul style="list-style-type: none"> •OCHA HoO •OCHA HFU •OCHA CBPFs (HQ) 	No cost assigned - dependent on internal mechanisms
Risk 2: Timelines impeding the allocation objectives	possible	Moderate	<p>Reduce risk</p> <ul style="list-style-type: none"> •Review timing of allocations and discuss smaller more focused allocations •Discuss stronger initial screening of projects before bringing to the SRC •Change SHF Reserve for Emergencies process in line with Global Handbook 		<ul style="list-style-type: none"> •OCHA HoO •OCHA HFU •Implementing Partners •Cluster Coordinators •Advisory Board •Strategic Review Committees 	US\$200,000

5.1.2 Risk Management at Partner Level (Risk-based grant management)

90. An essential component of the SHF accountability framework is the analysis of the risk that is present when disbursing funds to each partner. Partner risk analysis is carried out by analyzing partner capacity which determines eligibility. Eligible partners are rated according to risk based on assessed capacity. The risk level is translated into minimum control mechanisms (operational modalities) applicable to the grants issued to the partner. Over time, as partners receive funding and implements project, risk ratings will increasingly be determined by partner performance.
91. Risk-based grant management serves two main functions. Firstly, it aims at improving the management of SHF projects by matching grant management and oversight requirements with assessed risk. Low risk partners are subject to fewer controls than medium or high-risk partners. Secondly, risk-based management helps partners identify areas for improvement and provides tangible incentives for capacity building.
92. The partner-based risk analysis only applies to NGO partners. These entities are not part of the UN system and do not have the legal standing of UN agencies. UN agencies are intergovernmental organizations that are accountable to UN Member States. Each UN agency has its own governance and control framework which applies also to their management of CBPF grants.
93. Risk-based grant management consists of four components:
- i. The Capacity Assessment (CA) of NGO partners, including reference to registration and due diligence
 - ii. The performance management
 - iii. The operational modalities
 - iv. The compliance mechanism
94. In order to be considered eligible for funding, NGOs must undergo the eligibility process to determine their eligibility for funding and risk rating. One of the major pillars of the SHF accountability framework, the objective of the capacity assessment is to systematically review the institutional, technical, management and financial capacities of the partner, and to ensure that the Fund has the necessary information to make an informed decision about eligibility and initial risk rating.
95. OCHA HFS will decide to open for potential registration of new implementing partners on a pre-determined frequency. This process may engage IASC sector coordinators and may define requirements for partners based on current context. Only partners shortlisted by OCHA HFS will participate in the capacity assessment.

5.1.2.1 Eligibility Process

The eligibility process comprises of four inter-linked steps as follows:

Step 1: Registration

96. Prospective partners initiate the process to become a partner and request access to GMS by contacting the HFS (shfsudan@un.org) and submitting a copy of registration certificate (in English) that indicate the full name of the partner. The registration certificate is required and is submitted prior to granting access to the GMS to avoid a possible naming discrepancy in GMS that will create delays in generating and preparing the GA and the disbursement process.

Step 2: Due diligence

97. Once the registration process is concluded, the partner is granted access to the GMS (gms.unocha.org) and the due diligence (DD) process begins. A thorough review of DD applications and documents is performed to ensure that partners meet the minimum requirements listed below and is a key initial step to safeguard the accountability of the Fund.
98. Once access to the GMS is granted, the partner must complete the DD requirements and forms in the GMS. DD documents include:
- i. Application form
 - ii. Due diligence declarations - signed, stamped and dated
 - a) Declaration of any previous or pending legal processes or investigations; in case of previous or pending legal processes, please provide detailed explanation and relevant supporting documentation
 - b) Declaration of non-support for a United Nations designated entity
 - c) Declaration of recognition and support of/for any United Nations compliance activity (ies)
 - d) Declaration of conflict of interest
 - e) Declaration of accurate information
 - iii. Registration certificate in the country of operation. If the organization cannot register in the country of operation, the HC may choose to accept a registration certificate from another UN Member State (similar certificate submitted for registration in the step 1 above).
 - iv. Bank account information
 - v. Bank statement, if the account name is different from the partner name in the registration, a letter by the organization (on official letterhead, signed and stamped by its authorized signatory) is necessary, certifying that the bank account as per bank statement belongs to the organization under the name registered in the GMS.
 - vi. Identification documents (copy of passport or Identity Card) and curriculum vitae (CV) of the legal representative in country of the organization.

99. At the discretion of OCHA HFS any mandatory or optional requirements to the registration and due diligence stage can be added.
100. Once the DD process has been finalized and the partner has been successfully approved, the organization will undergo a Capacity Assessment (step 3) to determine their eligibility for funding and risk rating.
101. While for UN agencies DD is not required, in order to process grant agreements, the following information will be collected during the DD stage: i) office address ii) contact details of legal representative (the official who signs grant agreements) and iii) bank account information. The information needs to be submitted via GMS.

Step 3: Capacity assessment

102. When the DD information has been approved by OCHA HFS, partners will be invited to undergo the Capacity Assessment (CA) process. Partners will be required to submit the documents listed in the internal capacity assessment (ICA) checklist via email or in hard copy as agreed with the SHF HFS. The assessment and scoring will be done in the GMS using the SHF Internal Capacity Assessment tool.
103. An ICA global questionnaire is used to capture key elements of partner capacity in the following categories: a) DD; b) Governance and Institutional Capacity; c) Programmatic Response Capacity; d) Coordination and Partnership Capacity; and e) Financial Capacity. OCHA HFS can add questions to the baseline questionnaire but may not remove or skip any of the core questions OCHA HQ requires for the assessment.

Table 5. ICA weight per category

A	Due Diligence	YES/NO	This is on approval of Due Diligence (DD) and registration validity If an organization does not have approved CBPF DD the questionnaire will be excluded
B	Governance and Institutional Capacity	25	Focusing on organizations' institutional capacity, management structures and internal policy documents
C	Programmatic Response Capacity	30	Focusing on organizations' capacity on assessments, response and monitoring
D	Coordination and Partnership Capacity	15	Focusing on organizations' capacity in coordination mechanisms and working with other partners
E	Internal and Financial Capacity	30	A minimum of 15 points is a compulsory requirement to be eligible for SHF funding. The ICA takes into account and, whenever possible, the results of an existing Harmonized Approach to Cash Transfers (HACT). An NGOs results will be used to score Category E of the IOCA as follows: High= 5, Significant= 10, Medium= 20, Low= 30.
Total Weight		100	

104. The assessment includes a desk-based review of the documents provided by the implementing partner; interviews with the organization's staff members; where possible visits to the implementing partner's offices, and interviews with key informants such as previous/existing donors and partners, as well as cluster leads and members.
105. The ICA takes into account and, whenever possible, encompasses existing assessments such as Harmonized Approach to Cash Transfers (HACT). An NGO's HACT result will be used to score the Financial Category of the ICA.
106. On conclusion of the ICA, the OCHA HFS will let the organization know if the application can proceed to the next step of the process.
107. On exceptional basis, if conducting an ICA is not possible due to extenuating circumstances security concerns or lack of, access for example, then an alternative proxy CA may be considered following the AB and the HC approval for modality and costs.
108. It is at the discretion of the HC and in consultation with the AB to add any new requirements to the registration, due diligence and/or the ICA. The new requirements could be applied on new partners or retroactively to all eligible partners of the SHF.

Step 4: Risk Rating

109. Based on the score obtained during the ICA, eligible partners will be categorized in three risk-level categories: low, medium and high. The resulting risk level will determine the operational modalities and control mechanisms that are applicable as defined in the SHF accountability framework. These include disbursement modalities, frequency of narrative and financial reporting, and planning for monitoring visits and spot checks, in accordance with the various risk levels, as well as with the duration and budget of the project.
110. The risk rating in the below table will be applicable on new prospective partners and exiting SHF partners based on their performance with the fund.

Table 6: Partners' Risk Level Organization Score

Organization Score (in percentage)	Recommendation
≥ 91 – 100	Organization is eligible as a Low Risk partner.
≥ 76 – 90.99	Organization is eligible as a Medium Risk partner.
≥ 51 – 75.99	Organization is eligible as a High-Risk partner.
0 – 50.99	Organization is not eligible. A new capacity assessment can be considered by the SHF twelve (12) months after this review date.

111. Throughout the application for eligibility, OCHA HFS will provide feedback to the organization as to whether their application will proceed to the next step of the process or not. The partner CA reflects the capacity of a partner at one particular point in time. As a partner implements projects, OCHA will review and score the partner on its implementation of SHF projects and the performance of partners as well as new any other development (such as an update of the partner's manuals and policies; other donors' audit reports) will be used alongside the original CA to determine and adjust the risk level.

112. Partners who do not qualify and are considered ineligible are given another opportunity to approach the OCHA HFS **after six months**, provided that they can demonstrate that the elements that caused the rejection have been addressed.

113. Eligible partners that have not implemented SHF projects for more than **three consecutive** years will be required to undergo a new CA.

5.1.2.2 Risk-based performance management

114. Partner capacity assessments reflect the capacity of a partner at one particular point in time. As a partner implements projects, OCHA HFS will review and score the partner on its implementation and the performance of partners will be used alongside the original capacity assessment to determine and adjust the risk level.

115. The SHF utilizes an internal Performance Index (PI) to update the risk level of a partner throughout project implementation. The PI tool is a key part of the accountability framework, and will allow OCHA to have an up to date rating of partner performance. The rating of the performance of partners in the implementation of projects will be used alongside the original capacity assessment to determine and adjust as necessary partner risk levels.

116. The PI tool has been developed to support OCHA HFS to score the performance of partners on SHF supported projects from submission to closeout. During project implementation, the following categories of partner performance are tracked and scored: i) quality and timeliness of submissions of project documents (proposals, budget and concept notes); ii) quality and timeliness of implementation against approved targets; iii) quality and timeliness of reporting; iv) frequency, timeliness and justification of project revision requests; v) quality of financial management; vi) audit findings. The scores assigned to each project on the above categories will be summarized in a PI.
117. The PI score is captured in GMS and with the original capacity assessment score is used to determine the performance score and risk level. In order to reward sound project implementation, the score from PI will progressively be given more weight and the capacity assessment score will become less significant as partners implement more projects. The partners' scores on the most recent projects will be considered the most important and given the most weight in calculating the overall risk rating score.
118. If the overall risk score of a partner reaches a threshold at which the risk level of the partner should be adjusted, the Fund Manager will be notified automatically through the GMS. Following the GMS notification, the Fund Manager will notify the partner about the adjustment.
119. If a partner performs poorly consistently and its risk rating score moves from high risk to the threshold of ineligibility it will be rendered ineligible on the basis of poor performance. Ineligible partners can re-apply for capacity assessment **one year** after being rendered ineligible, provided that they can demonstrate that the elements that caused the poor performance have been addressed.
120. UN Agency projects must also be scored for performance in all areas with the exception of the audit. The PI score can be used to assess future funding decisions and frequency of monitoring. The monitoring mechanism can be tailored to the type of project such as stakeholder satisfaction survey for pipeline projects.

5.1.2.3. Operational Modalities

121. The risk rating of NGO partners has a direct impact on how SHF grant is managed and how accountability is exercised in practice. The assurance mechanisms that are used to manage grants vary depending on three factors:
- i. Partner risk level
 - ii. Value of the project
 - iii. Duration of the project

122. The combination of partner risk level, duration and project budget determine the operational modalities applicable to each grant. The operational modalities consist of the following elements:
- i. Disbursement policy: The implementing partner will receive a first instalment at the beginning of the project and will be entitled to request the next disbursement(s), by submitting a financial statement, as soon as the implementing partner has spent 70 per cent of the funds previously received.
 - ii. Funding ceiling: This determines the maximum amount that a partner can receive per project
 - iii. Field monitoring visits
 - iv. Financial spot checks: These checks assess the soundness of internal controls and the accuracy of the financial records for cash transfers of partners. Financial spot checks are determined on the basis of partner risk level.
 - v. Narrative reporting requirements: Type (progress, final) and schedule of narrative reports will be determined based on the risk level of the partner, the duration and the size of the project.
 - vi. Financial reporting requirements
 - a) Partners will submit financial statements when requesting the next disbursement.
 - b) All partners will have to submit a report by the dates specified in the Grant Agreement.
 - c) All partners will submit a financial statement within two months of the end of the project.
 - vii. Project audit: Partners will be audited according to the audit plan established by headquarters in coordination with the OCHA Country Office

Table 7. Operational modalities

Risk level	Project duration (months)	Project value (thousand USD)	Max amount per project (thousand USD)	Disbursements (in % of total)	Financial reporting				Narrative reporting		Monitoring		Audit
					For disbursement	31-Jan	Progress	Final	Progress	Final	Project monitoring	Financial spot-check	
NGO													
High	< 7	< 250	-	60-40	Yes	Yes	Yes	Yes	1	Yes	1	1	All projects will be audited by an external company
	-	> 250	250	50-50	Yes	Yes	Yes	Yes	1	Yes	1	1	
	7 - 12	< 250	-	40-40-20	Yes	Yes	Yes	Yes	2	Yes	1	1	
	-	> 250	400	40-30-30	Yes	Yes	Yes	Yes	2-3*	Yes	1-2**	1	
Medium	< 7	< 250	-	100	Yes	Yes	Yes	Yes	1	Yes	-	-	
	-	> 250	500	80-20	Yes	Yes	Yes	Yes	1	Yes	1	-	
	7 - 12	< 250	-	80-20	Yes	Yes	Yes	Yes	1	Yes	0-1**	1	
	-	> 250	700	60-40	Yes	Yes	Yes	Yes	1	Yes	1	1	
Low	< 7	< 400	-	100	Yes	Yes	Yes	Yes	-	Yes	-	-	
	-	> 400	1 million	60-40	Yes	Yes	Yes	Yes	-	Yes	-	-	
	7 - 12	< 400	-	100	Yes	Yes	Yes	Yes	1	Yes	-	1	
	-	> 400	2.5 million	60-40	Yes	Yes	Yes	Yes	1	Yes	1	1	
UN Agencies													
NA	< 7	-	-	100	-	-	Yes	Yes	-	Yes	0*	-	No
	7 - 12	-	-	100	-	-	Yes	Yes	1	Yes	1*	-	

* Monitoring of UN agency projects is mandatory and should be based on the type of project to be implemented (e.g. surveys, pipelines, etc.)

** Additional field visits are only required for projects of 10 months or more.

Total USD Ceiling of Active Grants for HIGH risk partners:

- a. An individual NGO with a high-risk rating is allowed to hold a maximum total amount of USD 500,000 in active grants at any one time. Active grants are calculated as grants under implementation at the time of an allocation (estimated date of grant agreement signature as per Allocation Strategy timeline). Partners who have exceeded that ceiling will have to ensure previous grants have either been closed or under final reporting or auditing before they can request additional funds.
- b. High Risk partners which have never implemented an SHF project can apply for a maximum amount of USD 0,25 million (total grants) the first time.

5.1.2.4 Compliance Measures

123. Through the aforementioned accountability mechanisms, the HC will aim to safeguard programmatic and financial management of CBPFs. Compliance measures enables the HC to address non-compliance with the legal terms agreed between the fund and the recipient organization, especially related to the following types of situations:

- i. Overdue financial or narrative reports.

- ii. Non-refund of unspent funds.
 - iii. Critical (high risk) audit findings/qualified audit opinion (especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents, lack of authentic receipts).
 - iv. Critical findings from monitoring and financial spot checks.
 - v. Violation of humanitarian principles and code of conduct⁷.
 - vi. Indication of possible fraud, corruption or misuse of funds.
124. NGO performance is monitored continuously and rated. An NGO with consistently low performance will no longer be eligible for SHF funding. Any suspension also prohibits the NGO to engage as a sub-grantee in a SHF project. The compliance measures include non-exhaustively the termination of projects, suspension of projects, suspension of disbursement, changed operational modalities, change in the partner risk level and are at the discretion of the HC.
125. OIOS performs internal audits of OCHA, and adheres to the single audit principle, whereby it cannot audit UN funds and programs which have their own internal audit function. OIOS and BoA audits regularly cover OCHA management of pooled funds and consider whether procedures for management of CBPFs are appropriate. These audits cover all parts of the SHF (ABs, allocations, risk management, etc.), look at compliance with rules and guidelines and are publicly available.
126. When a partner does not comply with the requirements described in this handbook and reflected in the contractual agreement or violates any other obligations stemming from the contractual agreement OCHA will progressively take corrective actions commonly referred to as compliance measures (Annex 15, Compliance Measures). In line with the single audit principle, donors and member states should not carry out additional audits and should respect the single audit principle to avoid duplication of efforts, minimize disruption and costs to all parties and conflicting recommendations that could result in widespread confusion and misunderstanding of CBPF operations.
127. The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework described above or in relevant contractual agreements, the HC, through OCHA, will take progressive actions to address the partners' behavior. Solutions will be pursued as and when deemed appropriate by OCHA.

⁷See GA Res 46/182 and <https://cdu.unlb.org/UNStandardsofConduct/CodeofConduct.aspx>

Sudan Humanitarian Fund (SHF) – <https://www.unocha.org/sudan/about-SHF> -- shfsudan@un.org

5.2 Monitoring

Definition of monitoring in the scope of SHF

128. Monitoring is defined as the systematic and regular process of collecting, verifying and triangulating information to assess progress made against project outputs and activities; bearing in mind accountability to affected populations and donors. Information gathered is used to make informed decisions and strengthen partnership and coordination.

Monitoring Objectives

129. 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 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.

130. The main principle for monitoring is that all recipient organizations, UN agencies and NGOs, are subject to monitoring by the fund. While requirements will not be identical, it should be recognized that the HC needs reassurance of project performance, regardless of the implementing entity.

Roles and Responsibilities

131. The HC is responsible for ensuring that a representative sample of SHF-funded projects are effectively monitored through appropriate monitoring modalities. The OCHA HFS is further responsible for coordinating monitoring efforts and ensuring that monitoring of projects is carried out.

132. OCHA HFS shall calculate the expected costs of monitoring and reporting activities based on the target and timeframe. These costs shall become part of the OCHA Country Office cost plan and are a direct cost of the fund.

133. OCHA HFS coordinates and participates in field monitoring visits and should work closely with sectors in devising procedures related to monitoring. A monitoring plan should be developed by the HFS at the time allocation decisions have been made. The monitoring plan may be adjusted depending on

changes in the operational context and information gathered through reporting. The following are the key responsibilities of OCHA HFS in terms of monitoring:

- i. Developing and maintaining a comprehensive monitoring plan which reflects the minimum requirements of the operational modalities (see above).
- ii. Working with sector coordinators in ensuring that monitoring is undertaken in close coordination with other sector monitoring activities.
- iii. Developing terms of reference and contracting external expertise for third party monitoring or remote monitoring as required.
- iv. Undertaking field site monitoring missions in line with the monitoring plan in cooperation with OCHA sub-offices.
- v. Reviewing and analyzing information collected through monitoring activities and reporting.

134. Minimum monitoring arrangements for projects implemented by NGOs will be determined based on the risk level assigned to the partner, the duration of project activities and the size of the project budget as articulated in the operational modalities of SHF.

135. Monitoring of UN agency projects is mandatory. Minimum monitoring arrangements for projects implemented by UN agency will be determined based on the duration of project activities and the size of the project budget as articulated in the operational modalities of the SHF.

136. The SHF recipient organizations remain the key responsible party in ensuring proper delivery and monitoring of project activities. They are expected to maintain robust internal monitoring and reporting mechanisms that can produce accurate and relevant information for SHF reporting purposes. They are also expected to engage and facilitate field-monitoring visits with OCHA HFS.

Process and Monitoring Tools

137. Taking into consideration that partners' project management systems is the backbone of monitoring, one of the objectives of SHF monitoring tools is to provide an additional level of verification of project results. Partners describe the tools they intend to use for project monitoring in the project proposal.

138. The monitoring plan should describe what type of monitoring tools that will be used to satisfy the minimum standards set out in the operational modalities. The following represent the most commonly used monitoring tools in SHF to date.

139. *Field site monitoring* - Field site monitoring, implemented by OCHA and supported by sectors, is a critical component of the overall framework in order to verify that SHF-funded projects are delivering against targeted outputs, and to allow the HC and sectors to assess the qualitative aspects of

programme implementation. As there are limitations to what can be observed through site visits, additional information will still need to be collected through other means. While field monitoring will not attempt to make evaluative assessments of projects, it will be essential to select an approach that covers issues beyond the delivery of project outputs. Field monitoring visits should, at a minimum, collect information that: (i) makes an assessment of the timeliness of the overall project implementation, (ii) verifies reported results, and (iii) assesses progress on key project activities.

140. *Financial Spot Check* - Financial spot checks will be conducted to assess the soundness of the internal controls and the accuracy of the financial records of the partner. A financial spot check should be conducted based on the risk level of the partner and the operational modality of the Fund. On-site financial spot checks by HFS staff and special audits by audit firms may be conducted on the basis of Operational Modality, or when warranted due to concerns about the functioning of the partner's internal controls. It is advisable that at least one spot check per partner per year be conducted.
141. *Project Spot Check* – Based on request from OCHA HFS, OCHA Sub-offices might conduct a light project spot check to observe the implementation at project sites, collect relevant information from main stakeholders and inform OCHA HFS should there be alarming situation and immediate actions be taken by OCHA HFS.
142. *Desk review and partner satisfactory survey* – This tool is applied for corepipeline projects and other projects, which due to the nature of the activities is not amenable to conduct a field site monitoring.

5.3 Reporting

5.3.1 Partner reporting

143. Narrative and financial reporting requirements for NGOs are determined according to the Operational Modalities, stipulated in the grant agreement and submitted in the GMS.
144. For UN agencies, financial reporting requirements are determined by the MPTF Office and indicated in the MoU signed by each Participating UN Organization. The UNDP MPTF Office will produce annual financial statements and reports as of 31 December with respect to the funds disbursed, to be provided no later than four months (30 April) after the end of the calendar year.
145. UN agencies will submit a final narrative report within two months of completion of the project. If the duration of the project is between 7-12 months, UN agencies will also submit a progress narrative report to reflect achievements at midpoint of the project implementation through the GMS.

146. SHF promotes the use of standardized output indicators for all recipient organizations (ideally as identified in the HRP, or as a minimum as agreed with sector). As SHF promotes the implementation of the HRP, the reporting should therefore be linked, when possible, to the strategic objectives of the HRP.

5.3.2 SHF Annual Report

147. The HC, supported by OCHA and in close consultation with the IASC sectors, prepares a narrative Annual Report on the Fund performance in relation to its strategic objectives (including link with HRP, strengthening of HC, promoting partnership with NGOs and strengthening of coordination system). The Annual Report features key facts and figures, best practices, lessons learned and challenges, and showcases success stories and achievements. The Administrative Agent (AA) is responsible for compiling the Annual Consolidated Financial Report of the SHF as well as the Final Consolidated Financial Report.

5.3.3 Common Performance Framework (CPF)

148. The Common Performance Framework is 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. The CPF will enable management and stakeholders involved in the governance of the Funds to identify, analyze and address challenges in reaching and maintaining a well-performing CBPF.

149. The tool is built on five fundamental principles that guide the management of CBPFs and the manner by which they achieved the strategic objectives of improving the response, strengthening leadership and ensuring better coordination and resourcing of humanitarian plans. The CPF applies a set of twenty indicators based on the five principles to measure the fund performance (Inclusivity, Flexibility, Timeless, Efficiency and Accountability & risk management).

150. The CPF indicators will be published as part of the annual report and an annual review of achievements will be presented to the AB.

5.4 Audit

5.4.1 OCHA Operation Audit

151. Internal oversight bodies (OIOS - Office of Internal Oversight Services and the BOA - Board of Auditors) regularly audit OCHA operations.

5.4.2 Project Audit

152. UN agencies are subject to internal oversight audit systems and other mechanisms established by their respective governing bodies.
153. NGO implemented projects will all be audited in compliance with applicable financial regulations, rules and directives as per the Grant Agreement signed with OCHA. The costs of such an exercise will be borne by OCHA. One external auditing companies will be contacted by OCHA to deliver on the financial and operational audit requirements of NGO partners.
154. Once the final financial report is cleared by CBPFs Finance in New York, the audit process will be triggered, and the system notification will be sent out to partner copying HFS team:
- i. OCHA HFS informs the partner by email about the start of the audit as soon as the plan is agreed with audit firm.
 - ii. The auditors will get in touch with partner to agree on field visit to partner office and then share the final plan with OCHA HFS.
 - iii. After the conduct of the audit, the audit firm shares the draft report with partner to solicit their management response. If there is a critical finding, the auditor should immediately inform OCHA HFS for further advice prior to getting back to partner. The partner has one week to provide the management response to the audit firm.
 - iv. The audit firm shares the final draft report for OCHA HFS review after receiving the partner feedback.
 - v. Once the report is reviewed/finalized by OCHA HFS, the audit firm issues the final signed audit report to the partner and OCHA HFS.
 - vi. OCHA HFS upload the report on GMS for CBPF Finance clearance.
 - vii. Once the report is cleared by CBPF Finance and all dues (refund or disbursement) are processed, the project will be closed by OCHA HFS on GMS.
155. OCHA HFS will keep a log of all audit findings that may potentially expose OCHA to high risks. This is to ensure that partners address previous findings on management weaknesses before applying for new SHF funding. The audit performance will feed into the Performance Index of an implementing partner which will impact the risk level of NGO partners.
156. OCHA HFS may also recommend the HC to trigger a specific audit during project implementation, if OCHA HFS has reasonable concerns about the implementation of a project.

5.5 Appeals Process and Complaint Mechanism

157. Stakeholders with insufficiently addressed concerns or complaints regarding the SHF CBPF processes or decisions can at any point in time contact the OCHA Head of Office with these concerns on shfsudan@un.org. Complaints will be compiled, reviewed and raised to the Humanitarian Coordinator, who will then take a decision on necessary action(s). The Humanitarian Coordinator will share with the Advisory Board any such concerns or complaints and actions taken thereof.

158. General feedback from partners or stakeholders regarding the SHF can be sent to shfsudan@un.org. OCHA management will compile, review, address and – if necessary – raise the issues to the HC, who will then take a decision on necessary action. The HC will share with the AB any proven cases and actions taken thereof.

6. Administration of SHF

6.1 Budget preparation principles

159. This section provides partners with a common framework to facilitate appropriate preparation of project budgets. It focuses on defining eligible and ineligible costs, direct and indirect costs (e.g. Programme Support Costs – PSC), shared costs, budget categories and the adequate breakdown of budget lines. This guidance applies to all partners.

6.1.1 Rationale and Basic Principles of the Project Budget

160. A clear segregation of duties underpins the preparation, review and clearance of the project budget. This is critical to preserve the country-driven nature of SHF and necessary to ensure central and internal controls to reduce the risk of approving erroneous or inappropriate project budgets (e.g. miscalculations, inconsistency, and lack of transparency or admission of ineligible costs). In this regard, fund managers in the field, certifying finance officers at headquarters, and partners have specific roles and responsibilities, as follows:

161. Fund managers are responsible to ensure that:

- i. The principles of economy, efficiency, effectiveness, transparency and accountability are adhered to in the sense that the project budget inputs are commensurate with the planned activities and the expected outputs, more specifically, that the project budget is a correct, fair and reasonable reflection of the project proposal/logical framework.
- ii. The cost estimates are reasonable in the specific country context so that funding will be used in the most efficient way.

162. The role of certifying finance officers in headquarters is to:
- i. Verify the budget's factual correctness, checking coherence with the project proposal and logical framework.
 - ii. Flag concerns and seek clarification from fund managers on issues that may compromise compliance with UN rules and affect financial transparency and accountability.
163. In the budgeting process, partners are expected to:
- i. Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project.
 - ii. Use and comply with the budget template and guidance provided by OCHA for the classification and itemization of planned costs.
 - iii. Provide a budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of every budget line. For example, shared costs, expensive assets, and costs/equipment required to support the regular operation of the partner, are clear cases that require a budget narrative.

6.1.2 Eligible and Ineligible costs

Eligible costs

164. The following attributes define the nature of eligible costs:
- i. Must be necessary and reasonable for the delivery of the objectives of the project.
 - ii. Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
 - iii. Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.
165. These may include:
- i. All staff costs (including salaries, social security contributions, medical insurance, hazard pay (when applicable) and any other cost included as part of the salary benefits package of the organization. Salaries and costs may not exceed the costs normally borne by the partner in other projects.
 - ii. Costs for consultancies involved in the implementation of the project.
 - iii. Support staff costs at country-level directly related to the project.
 - iv. Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel that may also be eligible, provided the costs do not exceed those normally borne by the partner.
 - v. A contribution to the partner's Country Office costs, as shared costs charged on the basis of a well explained calculation and reasonable allocation system. Shared costs must be itemized.

- vi. The financial support to beneficiaries, including cash and voucher-based distribution.
- vii. Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage and distribution costs.
- viii. Costs related to non-expendable items (assets) such as equipment, information and technology equipment for registration and similar field activities, medical equipment, water pumps and generators.
- ix. Expenditure incurred by the partner related to awarding contracts required for the implementation of the project, such as expenses for the tendering process.
- x. Costs incurred by sub-implementing partners, directly attributable to the implementation of the project.
- xi. Other costs derived directly from the requirements of the grant agreement such as monitoring, reporting, evaluation, dissemination of information, translation and insurance, including financial service costs (in particular bank fees for transfers).

Ineligible costs

166. The following costs are ineligible:

- i. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
- ii. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
- iii. Debts and provisions for possible future losses or debts.
- iv. Interest owed by the implementing partner to any third party.
- v. Items already financed from other sources.
- vi. Purchases of land or buildings.
- vii. Currency exchange losses.
- viii. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.
- ix. Government staff salaries.
- x. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).
- xi. Incentives, mark-ups, gifts to staff.
- xii. Fines and penalties.
- xiii. Duties, charges, taxes (including VAT) recoverable by the implementing partner.
- xiv. Global evaluation of programmes.
- xv. Audit fees/system audit fees – these costs are paid directly by the fund⁸

⁸ Those costs are charged as a direct cost for the management of the fund

Other Types of costs

167. On a case-by-case basis and depending on the objectives of the fund, the fund manager retains the flexibility to consider the following costs as eligible:

- i. Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives.
- ii. Visibility material of the implementing partner directly related to projects funded by CBPFs.
- iii. International travel costs when directly linked to the delivery of the project objectives. When international travel costs are requested to support additional activities outside those of the project, such costs can only be considered if they are well justified and in the proportion attributable to the project.
- iv. Vehicles.
- v. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior CBPF funding.
- vi. Equipment for the regular operations of the implementing partner.
- vii. Recurrent costs for the implementing partner's current operations.

6.1.3. Direct and Indirect Costs

There are two categories of eligible expenditures: direct costs and indirect costs.

Direct Costs

168. Direct costs have to be clearly linked to the project activities described in the project proposal and the logical framework. They are defined as actual costs directly related to the implementation of the project to cover the costs of goods and services delivered to beneficiaries, and the costs related to the support activities (even partial, such as a security guard or a logistician partially working for the project), required for the delivery of services and the achievement of the project objectives.

169. Direct costs include:

- i. Staff and related personnel costs, including consultants and other personnel.
- ii. Supplies, commodities, materials.
- iii. Equipment.
- iv. Contractual services.
- v. Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
- vi. Transfers and grants to counterparts.
- vii. General operating and other direct costs including security expenses, office stationary, and utilities such as telecommunications, internet, office rental and other direct costs, including expenses for monitoring, evaluation and reporting, related to the implementation of the project.

Indirect Costs

170. Indirect costs are referred to as Programme Support Costs (PSC). PSC are all costs that are incurred by the implementing partner regardless of the scope and level of its activities and which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include corporate costs (i.e. headquarters and statutory bodies, legal services, general procurement and recruitment etc.) not related to service provision to a particular project. PSC is charged as a maximum 7 per cent of the approved direct expenditures incurred by the implementing partner.

171. Programme Support Costs of sub-implementing partners associated to the implementation of a specific project must be covered by the overall maximum 7 per cent of the actual project expenditures.

172. Indirect costs do not have to be itemized in the project budget.

6.1.4 Shared Costs

173. Sharing costs between different donors and projects under a country programme of an implementing partner is an acceptable practice for CBPFs. The implementing partner may share certain Country Office costs to different uses and projects, for example staff, office rent, utilities and rented vehicles.

174. The following guidance applies to shared costs in the project budget:

- i. All shared costs must be directly linked to project implementation.
- ii. All shared costs must be itemized in the budget, following standard accounting practice and based on a well-justified, reasonable and fair allocation system, to be clearly explained in the budget narrative of the project and assessed and approved by the HFS.
- iii. The partner should always be able to demonstrate how costs were derived and explain in the project proposal/logical framework how the calculation was made (e.g. pro-rata, averages)⁹.
- iv. If a position is cost-shared, the percentage of the monthly cost corresponding to the time that the person will dedicate to the project shall be budgeted. Portions of a unit may not be budgeted as staff costs; only percentages are acceptable.

⁹ Cost-shared staff positions that are intended to last the entire duration of the project should be charged for the entire period and charged as a percentage against the project (e.g. half of the cost of a guard in a 12 months project should be budgeted at 50 per cent of the monthly salary for 12 months). Durations shorter than the project are acceptable only if the position is not intended to last for the entire duration of the project. Partners have the option to record expenditures within the budgeted amount according to modalities that better suit their preferences (e.g. charging 100 per cent of for guard for 6 months).

- v. Non-staff shared costs must be shared on the basis of an equitable cost allocation system¹⁰. Accordingly, the percentages in the budget are to be assessed and approved by the HFS.
- vi. Shared-costs, including staff-related costs, should be charged for the entire duration of the project. If this is not possible, the rationale of the apportionment must be explained in the budget narrative

6.1.5 Guidance on itemization of budget lines

175. Each budget line requires the following cost breakdown:

- i. Itemize each national and international staff, consultant and other personnel by function, and provide unit quantity and unit cost (monthly or daily rates) for each staff position¹¹.
- ii. Any budget line whose total value exceeds \$10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative.
- iii. When budget lines contain costs of multiple items (exceeding \$10,000) a budget breakdown should be included in excel listing item, unit, quantity, value or cost (per unit and total cost. Documentation must be uploaded in the GMS.
- iv. Provide unit or quantity (e.g. 10 kits, 1,000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should properly reference unit measures (length, volume, weight, area, etc.).
- v. Provide technical specifications for items whose unit cost is greater than \$10,000.
- vi. Provide technical specifications for items whose unit costs can greatly vary based specifications (e.g. for generators, a reference to the possible range of power would be sufficient to properly evaluate the accuracy of the estimated cost).
- vii. Provide details in the budget narrative so that the objective of the budget line can be clearly identified.
- viii. Itemize general operating costs (e.g. office rent, telecommunications, internet, utilities) for project implementation providing quantity and unit cost. A lump sum for operating costs is not acceptable.
- ix. Travel costs can be estimated as long as the calculation modality is accurately described in the budget narrative (e.g. providing estimates on the number of trips and average duration in days, daily subsistence allowance rates, etc.).

¹⁰ This should be calculated as a percentage against the overall amount of the shared cost and charged as a percentage of the project value. It is preferable to charge shared costs for the entire duration of the project. Partners have the option to record expenditures within the budgeted amount according to modalities that better suit their requirements (e.g. to cover half of the rent of an office in a 12 months project, the partner should budget the rent for 50 per cent of the monthly cost for 12 months period. The partner may pay the full rent of the office for 6 months with the allocated budget).

¹¹ Staff positions must be charged per unit. If staff costs are only partially charged to the given budget this must be reflected in the percentage (50 per cent of a staff, and not half of a staff at 100 per cent).

- x. Travel (In-country and International) or International travel: estimate number of trips and cost per trip.
- xi. Provide list of items¹² and estimated cost per item for kits when the cumulative budget line value exceeds \$10,000.
- xii. Provide the list of items for globally standardized kits such as Post-exposure Prophylaxis kits and Interagency Emergency Health Kit. This does not include standard kits agreed upon in each country.
- xiii. In the case of construction works exceeding \$10,000, only labour costs and known essential materials may be budgeted and itemized, providing unit/quantity and unit cost. The budget narrative should explain how construction costs have been estimated on the basis of a standard prototype of building (e.g. latrine, health post or shelter), type of materials (e.g. wood, prefabricated or brick/cement/concrete) and the formula or rationale used to estimate construction cost (e.g. per square foot or meter or previous experiences).
- xiv. The partner is responsible and accountable to ensure the budget(s) of the sub-implementing partner(s) adheres to the principles of economy, efficiency, effectiveness and transparency. The partner must ensure the sub-implementing partner(s) budget(s) are commensurate with the planned activities and outputs, and is reasonable in the specific country context. The sub-implementing partner budget should be provided as a single line under the budget category Transfers and Grants to Counterparts. The breakdown details are not required to be provided in GMS. However, at the request of OCHA and/or the auditors, the partner is responsible and accountable to provide the necessary detailed documentation to support the budget and expenditure incurred by the sub-implementing partner. The sub implementing partner's budget and expenditure details must be available, if requested, at the same level of detail and format applicable to the main implementing partner. These documents must remain available for at least a period of 5 years after the project termination.

6.2 Signature of Grant Agreements

176. Standard Grant Agreement templates must be used for contracting. No changes in the articles of the Grant Agreement are allowed.

177. The use of the GMS is the pre-requisite for implementing the process described below. The GMS supports the full implementation of standard procedures and due diligence processes, it provides support throughout the entire project cycle management, it is the repository of necessary supporting project documents and it ensures timely and effective implementation of control mechanisms to manage and mitigate risks associated with the fund management.

¹² The list should be provided as an annex to the budget.

Sudan Humanitarian Fund (SHF) – <https://www.unocha.org/sudan/about-SHF> -- shfsudan@un.org

178. Grant Agreements with UN agencies, NGOs, and Red Cross and Red Crescent Movement are prepared by OCHA Country Offices (normally the Humanitarian Financing Unit). Grant agreements are signed by the HC and counter signed by the authorized representative of the partner as recorded in the Due Diligence module of the GMS. Grant agreements are then sent to OCHA HQ/CBPF for final approval and signature by EO (or a duly delegated officer).
179. Grant Agreements must be submitted to OCHA HQ/CBPFS by the fund manager through the GMS. The following supporting documents (all annexed) must be submitted.
- i. Copy of the Grant Agreement signed by the HC and partner.
 - ii. Project proposal (as approved by the HC).
 - iii. Project budget (as approved by the HC).
180. Signature of grant agreements has a processing time of up to 3 business days, provided that the documentation submitted to OCHA HQ/CBPFS is complete, accurate and consistent.
181. The grant agreement is only valid upon signature by both the HC and implementing partner. The start date, agreed by the HFS in consultation with the implementing partner, is indicated in the Annex B of the grant agreement. 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 by the partner occurs after the agreed upon start date, the date of the signature of the grant agreement will determine the official start date of the project.
182. Expenditure is eligible from the date of signature by the partner, which marks the entry into effect of the grant agreement.

6.3 Revisions

183. Changes in a project may be required due to various reasons and may have different consequences to the project's scope, duration and budget. Variations of all forms must be brought to the fund manager's attention. The fund manager in consultation with cluster/sector coordinators will assess whether the proposed changes need formal written authorization, whether an amendment to the initial grant agreement is necessary or whether the breath of the proposed changes is such that the project needs to be terminated.
184. Depending on the nature of the revision, relevant GMS workflows will be activated by the HFS allowing partners to request the required amendments.

185. The HC, or the OCHA HoO if delegated to do so, will respond to the implementing partner in writing, accepting, modifying or rejecting the request. If accepted, this amendment becomes an integral part of the agreement and must be cleared by OCHA HQ.
186. A signed Grant Agreement Amendment will be required in the following circumstances:
- i. Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category
 - ii. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category
 - iii. Change in duration of the project
 - iv. Change of banking information relevant to the project
 - v. Any other changes that have financial or legal implications and are part of the Grant Agreement
187. The following changes do not require a Grant Agreement Amendment and will be approved in GMS through the 'approval without GA amendment' feature.
- i. Change in project location, unless the entire project area has been changed.
 - ii. Change in number of beneficiaries, unless this changes the nature of the project.
 - iii. Change in approved project activity, unless this changes the project objective and key result.

6.3.1 No-Cost Extensions (NCEs)

188. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the reasons justifying the request and evidence of progress collected through narrative and financial reports (i.e. progress/interim), or through field monitoring visits and financial spot checks.
189. Project Revision Requests should be submitted at least four weeks prior to the end of the project. Later submissions will not be considered.
190. The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project's budget or activities. To extend the duration, an amendment to the original agreement must be signed by both parties.

6.3.2 Budget Modification

There are three types of acceptable budget revisions:

191. Budget revision not exceeding 15 per cent of the approved budget

- i. This type of modification does not require formal authorization by the HC, which means that within this limit the implementing partner has the flexibility to make adjustments to the project budget as needed throughout the implementation.
 - ii. Cost redeployments to budget categories not exceeding 15 per cent of the originally approved budget category are acceptable for all categories except the “Staff and other Personnel Costs” category. Any variation in “Staff and other Personnel Costs” should be approved in writing by OCHA.
 - iii. Redeployment must be done against existing budget lines.
 - iv. Budget variations of this type, without prior consent, are acceptable as long as the activities retain the same scope and nature of the original grant.
192. Budget revision exceeding 15 per cent
- i. Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the HC authorization.
 - ii. The implementing partner will make the request to the HC, after prior consultation with the fund manager.
 - iii. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the implementing partner will also submit a revised logical framework.
 - iv. The HC approval of such modification will be formalized through an amendment to the original grant agreement (inclusive of all necessary supporting documents, project proposal, and project budget).
193. Addition of a new budget line.
194. Under no circumstances should budget revisions increase the approved total budget.
195. Budget line variations within the same category, not affecting the total value of the category, are acceptable without previous consent.
196. Any additional budget lines within a category, even if they have no impact of the total amount of the category, require prior written consent of OCHA HFS.
197. Interest income earned on project funds must be reported in the Financial Statements.
198. Interest income up to \$10,000 can be used in line with previously approved project budget and activities with prior approval from OCHA HFS. However, total expenditure of the project must not exceed the total approved budget.

6.3.3 Project Changes

199. 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

by the HC through the OCHA HoO.

200. Major changes may require a project revision and subsequent amendment of the grant agreement. Project revisions are subject to the approval of the governing entities. Requests for project revision must be formally submitted to the HC by the recipient organization. The request should clearly explain why the grant agreement needs to be amended and indicate the current operational status of the project. A financial statement detailing expenditures incurred to date should be submitted. See paragraph 186 for revision requests that may not require Grant Agreement Amendment and will be approved in GMS through the 'approval without GA amendment' feature.

6.3.4 Project Closure

201. A project will be considered closed when the following conditions are met:

- i. Final narrative report received and cleared by the fund manager. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The fund manager has up to one calendar month from receipt to review and clear the final narrative report.
- ii. Partners must submit the final financial statement (including an inventory of assets purchased under the grant with purchase value over \$10,000 per asset) within 2 calendar months after the end of the project implementation (including NCEs). Once the final financial statement has been received, it will be pre-cleared by the fund manager and cleared by OCHA HQ/CBPF (within one month).
- iii. After clearance of the FFR, projects will be audited within 2 months.
- iv. OCHA HFS and OCHA HQ/CBPF Section will review and close the project within 2 months from receipt of the audit report.
- v. Following the closure of a project and its audit (when applicable), partners will be notified by OCHA HFS about the exact amount to be refunded. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures. Proof of payment needs to be received and acknowledged by OCHA HFS.

202. OCHA reserves the right to audit NGO partners. On this basis, OCHA may also request the reimbursement of unspent or qualified expenditures. Upon written notification from OCHA, the implementing partner shall refund the requested amount within one calendar month.

6.4 Fraud and Other Incidents Involving Loss

203. OCHA Standard Operating Procedure (SOP) on Suspected Fraud and Misuse of Funds describes the successive steps that OCHA HFS will take in the event of an investigation into an implementing partner

contracted under SHF. Information sharing and communication should be handled on a confidential basis.

204. Other incidents: Incidents during the project cycle that affect a partners' ability to account for the use of funds or goods, must be reported to OCHA HFS in writing as soon as they occur. An Incident Report and supporting documents should be submitted by the HFS to OCHA HQ/CBPFS within 30 days. Incidents include theft by third parties, diversion of humanitarian assistance by a third party, looting of offices or warehouses, or loss of documents. These incidents should be reported to the Funds' Advisory Board at a minimum on a six months basis.

7 Contact Information

All correspondence and general inquiries about SHF should be sent to OCHA Humanitarian Financing Section at shfsudan@un.org. For substantive issue regarding programme implementation and management:

Position	Name	Email
Head of Office	Paola Emerson	emersonp@un.org
OiC, Humanitarian Financing Section	Martin Fisher	fisherm@un.org
Pooled Fund Manager	Laksmita Noviera	noviera@un.org

For more information about SHF, visit <https://www.unocha.org/sudan> and <https://gms.unocha.org/content/cbpf-contributions>

8 Review Date

This manual has been endorsed by the HC and AB in April 2020.

9 Annexes

- Annex 1 – Fraud and Other Incidents
- Annex 2 – Eligibility ICA and PI docs
- Annex 3 – Budget Preparation and Report Templates
- Annex 4 – Financial Spot Checks ToR and Reporting Template
- Annex 5 – Grant Agreement with NGOs
- Annex 6 – Grant Agreement with UN agencies
- Annex 7 – Amendment to Grant Agreement with NGOs
- Annex 8 – Amendment to Grant Agreement with UN Agencies