Iraq Humanitarian Pooled Fund
Operational Manual

July 2015
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Acronyms

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<th>AB</th>
<th>Advisory Board</th>
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<tr>
<td>CBPF</td>
<td>Country-based Pooled Fund</td>
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<tr>
<td>CERF</td>
<td>Central Emergency Response Fund</td>
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<tr>
<td>ERC</td>
<td>Emergency Relief Coordinator</td>
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<tr>
<td>GMS</td>
<td>Grant Management System</td>
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<tr>
<td>FCS</td>
<td>Funding Coordination Section</td>
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<td>FTS</td>
<td>Financial Tracking Service</td>
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<td>HACT</td>
<td>Harmonized Approach for Cash Transfers</td>
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<tr>
<td>HC</td>
<td>Humanitarian Coordinator</td>
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<td>HCT</td>
<td>Humanitarian Country Team</td>
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<td>HFU</td>
<td>Humanitarian Financing Unit</td>
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<td>HRP</td>
<td>Humanitarian Response Plan</td>
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<td>ICCT</td>
<td>Inter-Cluster Coordination Team</td>
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<td>IHPF</td>
<td>Iraq Humanitarian Pooled Fund</td>
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<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
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<td>JCMC</td>
<td>Joint Coordination and Monitoring Centre</td>
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<td>JCC</td>
<td>Joint Coordination Centre</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>M&amp;R</td>
<td>Monitoring and Reporting</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>NCE</td>
<td>No-Cost Extension</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>OCHA</td>
<td>Office for the Coordination of Humanitarian Affairs</td>
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<tr>
<td>PP</td>
<td>Project Proposal</td>
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<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<td>UN</td>
<td>United Nations</td>
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1. **Introduction**

   1. The Operational Manual for the Iraq Humanitarian Pooled Fund (IHPF) is issued by the Humanitarian Coordinator (HC) and endorsed by the Advisory Board to set the general direction and programmatic focus of the Iraq Humanitarian Pooled Fund (hereafter “IHPF” or “the Fund”).

   2. The HC and the Advisory Board will revisit this Manual on an annual basis or as needed to adjust the general direction and programmatic focus of the Fund, thereby ensuring its relevance and effectiveness.

**Purpose**

   3. The purpose of the IHPF Operational Manual 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.

   4. Under the direction of the HC, the IHPF aims to support the timely disbursement of funds to the most critical humanitarian needs as defined by the Humanitarian Response Plan (HRP).

   5. In this regard, this Manual will provide guidance to implementing partners and facilitate the role of OCHA, members of the respective review teams, and cluster/sectoral experts.

**Scope**

   6. The IHPF Operational Manual defines the country-specific regulations that govern the IHPF. It is designed within the framework provided by the Operational Handbook for Country-Based Pooled Funds (CBPFs)\(^1\), which describes the global set of rules that apply to all CBPFs worldwide, and adapts specific aspects of these global guidelines to the humanitarian context in Iraq.

   7. Adherence to the guidance provided in the two documents is mandatory so as to ensure standard and transparent processes.

2. **Objectives of the IHPF**

   8. The IHPF will be primarily aligned to support the delivery of strategic humanitarian response identified under the HRP while retaining the flexibility to allocate funds to unforeseen events or special requirements. The IHPF will reinforce the leadership and coordination role of the HC by driving funding to needs-based priority sectors and geographic areas. The IHPF will also aim for a more inclusive approach by working with a variety of implementing partners in a complex operational environment. The IHPF has the following main objectives:

   - i. Support life-saving and life-sustaining activities while filling critical funding gaps;
   - ii. Promote needs-based assistance in accordance with humanitarian principles;
   - iii. Strengthen coordination and leadership primarily through the function of the HC and by leveraging the cluster system;
   - iv. Improve the relevance and coherence of humanitarian response by strategically funding priorities as identified under the Humanitarian Response Plan (HRP);

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v. Expand the delivery of assistance in hard-to-reach areas by partnering with national and international NGOs.

9. Further, the IHPF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between clusters and humanitarian organizations. As such, the IHPF 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 enhanced monitoring and reporting.

10. Interventions supported by the IHPF are to be consistent with the core humanitarian principles of humanity, neutrality, impartiality and independence.

3. Host Government Relations

11. The activities of the IHPF will be carried out under the overall stewardship of the Humanitarian Coordinator (HC). Recognizing the leadership of the Joint Coordination and Monitoring Centre (JCMC), all funding allocations will be discussed with the JCMC and the Joint Coordination Centre (JCC) on the basis of priorities identified in the Humanitarian Response Plan. The HC will be supported by an advisory board and an OCHA-led Humanitarian Financing Unit (HFU) which will perform secretariat functions.

4. Governance and management arrangements

12. The activities of the IHPF will be carried out under the overall stewardship of the Humanitarian Coordinator (HC). The HC will be supported by an Advisory Board and an OCHA-led Humanitarian Financing Unit (HFU) fulfilling the IHPF’s secretariat functions. The IHPF Advisory Board 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.

Humanitarian Coordinator (HC)

13. The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, supported by an OCHA-led HFU and advised by the IHPF Advisory Board. Key responsibilities of the HC are:

i. Approves the IHPF Operational Manual, which outlines the Fund’s scope and objectives; programmatic focus; governance structures and membership; allocation modalities and processes; accountability mechanisms; and operational modalities;
ii. Chairs the Advisory Board and provides strategic direction for the Fund;
iii. Leads country-level resource mobilization for the Fund supported by the Humanitarian Country Team (HCT), OCHA Country Office and in coordination with relevant OCHA entities at headquarters;
iv. Approves the use of and defines the strategic focus and amounts of fund allocations;
v. Ensures that the Advisory Board and the strategic and technical review teams are functioning in accordance with the guidelines outlined in this Manual;
vi. Makes final decisions on projects recommended for funding. This responsibility is exclusive to the HC and cannot be delegated. Funding decisions can be made at the discretion of the HC, without a recommendation from the Advisory Board, for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the review teams;
vii. Approves projects and initiates disbursement;
viii. Ensures complementary use of IHPF funding with other funding sources, including the Central Emergency Response Fund (CERF);

ix. Leads the process of closing the IHPF.

Advisory Board (AB)

14. The IHPF Advisory Board (AB) will support the HC in developing an overall strategy and overseeing the performance of the Fund. It will advise the HC on strategic and policy issues and ensure the views of donors, UN agencies and the NGO community are represented. The AB will be consulted in the development of allocation strategies and will serve as a forum to share information on funding coverage to strengthen donor coordination. The AB will also provide a forum for representatives and the HC to discuss funding priorities in line with the HRP as well as unforeseen needs.

15. Key functions of AB are:

i. Strategic focus and fund allocation: 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 and the operational manual. The AB also advises on fund allocation to appropriate clusters and priorities. The AB shall advise the HC in setting funding targets and support resource mobilization efforts;

ii. Risk management: The AB supports the HC and the OCHA Country Office in undertaking periodic risk analyses and reviewing a risk management plan of the Fund in accordance with the IHPF Accountability Framework (see section 5 of this manual);

iii. Eligibility and risk rating of NGOs: The AB consults on the modalities of capacity review to be carried out by OCHA HFU. Following the assessment the AB consults what the threshold for eligibility as well as the risk rating of eligible NGOs in accordance with the IHPF Accountability Framework (see section 5 of this manual);

iv. Transparency of overall process: The AB should monitor fund processes with the objective of ensuring that all stakeholders are treated fairly and that the management of the Fund abides by established policies;

v. Review of operational activities: The AB monitors the operational performance of the Fund, providing advice to the HC.

16. The proposed membership of the AB for the IHPF is:

- Humanitarian Coordinator (member, chairperson)
- 2 donor representatives (members, contributing donors)
- 2 participating UN Agency representatives (members)
- 2 NGO representatives (members)
- OCHA Head of Office (custodian of the Fund)
- Deputy Humanitarian Coordinator (observer)
- Non-contributing donor (observer)

17. The names of the organizations represented in the AB and a rotation plan will be determined by the HC in consultation with the HCT.
OCHA Head of Office (HoO)

18. The HoO is responsible for the effective management of the Fund in accordance to CBPF Policy Instruction and the Global Handbook for CBPFs. The responsibilities of the HoO with respect to the IHPF are to:

i. Support and advise the HC on strategic issues and resource mobilization;
ii. Supervise the OCHA Humanitarian Financing Unit (HFU) and ensure that the HFU is well integrated and coordinated with other units of the OCHA Country Office and sub-offices;
iii. Ensure that OCHA has the capacity to fulfil its accountability requirements, including risk management and minimum operational modalities;
iv. Promote active involvement of existing coordination structures in IHPF processes and ensure that the scope and objectives of the IHPF as outlined in the Operational Manual and/or allocation papers are aligned with the HRP;
v. Approve project no-cost extensions within the scope of the delegation of authority granted by the HC;
vi. Interface with headquarters on policy issues related to the IHPF;

OCHA Headquarters

19. OCHA Donor Relations Section (DRS) in Geneva signs agreements with contributing donors to the IHPF and ensures timely transfer of contributions to OCHA New York Funding Coordination Section (FCS) to disburse funds.

20. OCHA FCS provides substantive support to OCHA Country Offices (COs) in managing pooled funds, ensuring harmonization and standardization of practices and procedures. FCS has four dedicated units that, while covering different responsibilities, work in concert to ensure that OCHA delivers on its core function of humanitarian financing:

- **Programmes and Operations**: Provides operational support to field offices managing pooled funds; ensures harmonization and standardization of procedures; monitors performance and reports on global performance of CBPFs.
- **Policy and Partnerships**: Engages in policy-related and cross-cutting issues in humanitarian financing; supports partnership with donors and other stakeholders; supports communication/information.
- **Oversight and Compliance**: Supports development of accountability and risk management frameworks at the UN system-wide level; works closely with fund managers in handling cases of fraud and misuse.
- **Finance**: Provides administrative and financial support functions; reviews grant agreements and financial aspects of partner proposals; signs grant agreement and facilitate disbursement of funds.

OCHA Humanitarian Financing Unit (HFU)

21. Under the overall supervision of the OCHA Head of Office, the HFU will ensure adequate and efficient management of the IHPF.

22. In support of the HC, the IHPF AB, and assistance of relevant units at OCHA headquarters, the HFU will undertake the following tasks:

**Management of IHPF operations and policy advice to the HC**:

i. Advise the HC and OCHA HoO on fund strategies and policy matters related to IHPF;
ii. Facilitate the development of the IHPF scope, its objectives and/or allocation papers;
iii. Ensure timely communication to partners on IHPF standard allocation calendar of activities;
iv. Engage with IHPF donors and coordinate with other humanitarian donors;
v. Draft the resource mobilization strategy and support its implementation in coordination with headquarter resource mobilization efforts;
vi. Support HC and HoO efforts to link the fund with the Humanitarian Programme Cycle (HPC) by promoting allocations in alignment with the HRPs;
vii. Provide technical advice to the HC and IHPF Advisory Board on the allocation process, project implementation, monitoring and reporting;
viii. Support resource mobilization for the IHPF;
ix. Produce reports, analysis and other documents as required to support decision-making, coordination, communication and resource mobilization activities;
x. Promote the complementary use of the IHPF with funding from other sources, in particular the CERF;
xi. Perform secretariat functions for the IHPF Advisory Board;
xii. Facilitate public information sharing with all stakeholders.

Project Cycle Management:

i. Facilitate and train stakeholders on the use of the Grant Management System (GMS);
ii. Ensure compliance with processes, systems, templates and tools as defined in the Handbook for CBPFs as well as IHPF procedures;
iii. Provide support to IHPF recipients throughout the allocation process and promote a feedback system for continuous learning;
iv. Coordinate and facilitate all activities associated with the strategic review (project prioritization);
v. Coordinate and facilitate all activities associated with the technical review;
vi. Oversee project review and approval processes including administrative aspects of selected projects;
vii. Ensure follow-up of fund disbursement and refunding;
viii. Ensure narrative and financial reporting compliance;
ix. Manage project revision requests (e.g. follow-up and support on budget revision, reprogramming, no-cost extensions, etc.);
x. Provide oversight to the entire funding cycle from the opening of an allocation to closure of projects;
xii. Ensure Financial Tracking Service (FTS) reporting, as required.

Implementation of the IHPF Accountability Framework:

i. Support and advise the HC and OCHA HoO in the development and implementation of the Accountability Framework;
ii. Coordinate and develop systems for capacity and performance assessments, risk management, monitoring, and reporting on behalf of the HC;
iii. Ensure compliance with the minimum requirements described in the operational modalities of the Global Handbook for CBPFs;
iv. Ensure compliance with audit requirements and follow-up recommendations resulting from audits and monitoring findings;
v. Facilitate periodic external evaluations in line with OCHA’s global agreements on evaluation requirements for CBPFs;
vi. Compile a consolidated annual report of IHPF operations.

Cluster Coordinators and Co-coordinators

23. Throughout the IHPF process, each cluster will be coordinated by a representative of a cluster lead UN agency, together with the NGO Cluster Co-coordinator.
24. Cluster coordinators support IHPF at two levels: (i) at a **strategic level**, cluster leads should ensure that there are linkages between the fund, the HRP and cluster strategies; and (ii) at an **operational level**, cluster coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects.

25. The Cluster coordinator and co-coordinators will undertake the following activities in relation to the IHPF:

   i. Facilitate all IHPF related processes in consultation with cluster partners;
   
   ii. Establish needs-based priorities for IHPF funding in consultation with cluster partners;
   
   iii. Facilitate cross-cluster coordination;
   
   iv. Lead a process to transparently identify, review and recommend priority humanitarian projects for funding based on agreed overall cluster priorities and strategies and document these processes;
   
   v. Defend cluster strategies and proposal during IHPF allocation rounds;
   
   vi. Ensure quality and timely submissions of all related cluster materials;
   
   vii. Promote the systematic use of relevant standard indicators for projects;
   
   viii. Participate in field monitoring visits to support technical assessment of implemented projects according to the provisions of the accountability framework endorsed by the HC;
   
   ix. Review and recommend revision requests when technical or strategic input is required;
   
   x. Train and build capacity of cluster partners (national and international) on IHPF procedures.

**Review Teams (Strategic and Technical)**

26. IHPF allocations include two types of project review: 1) a **strategic review** of project proposals in relation to the Allocation Paper determined by the HC and the Advisory Board, and 2) a **technical review** which assesses the technical soundness and quality of project proposals. Both reviews are discharged by respective review teams operating separately by sector/cluster. OCHA will support review teams in discharging their functions.

27. Key elements of review teams include:

   i. Review teams should be established through a consultative process with a limited number of cluster members. The review teams should, to the extent possible, have different compositions for each of their functions.
   
   ii. When delivering the strategic function, the respective review team should equitably represent the members of the cluster and be knowledgeable of humanitarian operations. The strategic review team assesses projects based on a criteria determined at the time of allocation development. Cluster Coordinators will keep minutes of the strategic review and submit to OCHA.
   
   iii. When delivering the technical function, the respective review team should be composed of a small group of technical experts to review project proposals. The technical review team provides in-depth technical comments to strengthen the proposal.
   
   iv. Members of the review team involved in the technical review should be selected based on demonstrated technical knowledge of the specific sector/cluster. A small group of experts will allow for detailed deliberation on technical aspects of project proposals. Specialized advisors should provide support and inputs to the technical review process.
   
   v. Members of the respective review teams should be nominated from the active members of the relevant clusters. The teams should ensure an equitable representation of UN and NGOs.
Implementing partners

28. In relation to the IHPF, implementing partners have the following responsibilities:

i. Application: Implementing partners must familiarize themselves with IHPF processes and seek advice from the OCHA Country Office (i.e. HFU) before applying for funding. In close collaboration with the OCHA Country Office and clusters, the applicant partner develops and submits a project proposal and budget to the Fund (through the GMS) providing all necessary supporting documents, within the given deadlines, and in a responsive manner.

ii. Implementation: After the approval process, the implementing partner signs a grant agreement which specifies the terms and conditions applicable to the approved project. Implementing partners commit to comply with all the requirements defined in the grant agreement. Grant agreements may be modified to accommodate necessary changes in projects (see section 4 for details on revision requests).

iii. Monitoring: Implementing partners must have robust internal monitoring and reporting procedures in place. Implementing partners shall facilitate the monitoring of the projects in collaboration with the OCHA Country Office, cluster coordinators and other relevant parties. The OCHA Country Office 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 grant agreement or otherwise agreed in the accountability framework of the fund. In addition, any constraints (e.g. financial, logistical, security) that may lead to significant changes to the project must be communicated to the HC and/or OCHA immediately.

5. Eligibility, allocation criteria, parameters and modalities

Eligibility

29. Donor contributions to the IHPF will be utilized to fund projects carried out by:

• UN Organizations (UNOs) and the International Organization for Migration (IOM)
• National and international Non-Governmental Organizations (NGOs) and organizations of the Red Cross/Red Crescent movement

30. In order to become eligible for funding from the IHPF, UN agencies and IOM must fill out the Registration Form on the Grants Management System of the Fund (http://gms.unocha.org). UN agencies and IOM 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.

31. Once the registration and due diligence form (as applicable for UN agencies) duly filled out has been submitted, OCHA will proceed with its review and approval.

32. OCHA HFU will carry out a due diligence process and an assessment of the capacity of potential NGO implementing partners. Partners that meet all the due diligence requirements will undergo the capacity review to determine eligibility. The assessment is aimed at determining whether the NGO has a sufficient level of capacity in terms of institutional, managerial, financial and technical expertise. This analysis establishes eligibility to receive funding from the IHPF. The methodology of this process is described in section 5 of this Manual.
Allocation criteria

33. 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: verified through a due diligence and capacity review process;
   ii. Access: accessibility and/or physical presence in areas of operation; the location of the project is clearly identified;
   iii. Strategic relevance: clear linkage to HRP strategic and cluster objectives, compliance with the terms of the call for proposals as described in the allocation paper, and alignment of activities with areas of special focus of the Fund (projects outside of HRP can be considered under the Reserve allocation);
   iv. Needs-based: the needs are 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; 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.

Allocation parameters

34. IHPF allocation parameters are defined based on the Global Operational Handbook for CBPFs:

   i. Project duration: maximum 12 months;
   ii. Grant amount: the maximum allowable amount will be determined and disbursed in tranches on the basis of project duration, partner capacity and risk levels, and in line with OCHA’s global guidelines on CBPFs;
   iii. Implementing partners can request project revisions and/or no-cost extension to re-program and/or extend the duration of the grant.

Allocation modalities

35. The IHPF will have two options in terms of fund allocation modalities. A standard allocation (through a call for proposals) will be issued on a periodic basis at the discretion of the HC and linked to the priorities of the HRP. A reserve allocation (as a certain percentage of the fund) may be maintained to respond to unforeseen requirements.

Standard allocation

36. Prior to each standard allocation round, the HFU will prepare an allocation paper with a timeline. This will be discussed at the HCT and endorsed by the Advisory Board. The allocation paper will include:

   37. The allocation paper will include:

            • Humanitarian context with a focus on how the allocation fits into the context;
            • Allocation strategy and related priorities;
            • Total amount to be allocated;
            • Criteria for project prioritization;
            • Description of Cluster Defenses;
            • Timeline.
38. During the Cluster Defences, which will be convened by the Advisory Board, each cluster will be asked to explain the cluster strategy, which must be based on best practise, evidence and verifiable data. Clusters will be asked during the defence to demonstrate the alignment of proposed projects with the strategy. Following this, all selected projects will undergo a technical review by the HFU to determine the soundness and quality of proposals and a financial review by OCHA FCS Finance Unit.

Table 1: Standard allocation workflow

| Step 1 Allocation Strategy | 1.1 The HFU formulates an allocation strategy paper at the request of the HC including criteria for project prioritization | *HC  
*HFU |
|                           | 1.2 The allocation strategy paper is discussed by the HCT and endorsed by the Advisory Board | *HCT  
*AB |
|                           | 1.3 The HFU formulates key criteria to be used by clusters in deciding which projects to submit to the Cluster Defenses | *HFU |
| Step 2 Cluster Defences   | 2.1 The HFU briefs the cluster coordinators on the allocation strategy paper and the defense criteria | *HFU  
*Cluster coordinators |
|                           | 2.2 Cluster coordinators meet and review concept notes from partners on the basis of the allocation strategy and the criteria shared with them by the HFU and submit their cluster defense documentation to the HFU | *Cluster coordinators/Cluster members  
*HFU |
|                           | 2.3 The HFU shares the cluster defense documentation with the AB 48 hours before cluster defenses | *HFU  
*AB |
|                           | 2.4 Cluster coordinators defend their portfolios before the Advisory Board; the defense includes the cluster strategy, project selection process and the list of projects they are submitting for funding; this is “blind” to ensure that Advisory Board members do not know whether a project is from an NGO or a UN agency | *AB  
*Cluster coordinators |
|                           | 2.5 The decision of the Advisory Board is announced | *AB |
|                           | 2.6 Cluster coordinators allocate funds according to Advisory Board feedback | *Cluster coordinators |
| Step 3 Technical and Financial Reviews | 3.1 Partners submit full proposals. HFU and cluster coordinators conduct a technical review of projects endorsed through the cluster defense process and share the results with partners | *HFU  
*Cluster coordinators  
*Partners |
|                           | 3.2 Technical review of projects carried out by HFU and cluster coordinators | *HFU  
*Cluster coordinators |
|                           | 3.3 OCHA FCS Finance Unit conducts a financial review of proposals (as part of the technical review) | *OCHA FCS Finance |
|                           | 3.4 Partners address comments to both technical and financial reviews. If the project does not meet quality standards after three rounds, it is rejected | *HFU  
*Cluster coordinators  
*OCHA FCS Finance  
*Partners |
| Step 4 Final Approval     | 4.1 HFU prepares the Grant Agreement and decides start date in consultation with the partner | *HFU  
*Partners |
4.2 HC approves the project, and signs Grant Agreement. Risk level of each partner shared with AB

<table>
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<tr>
<th>Step 5 Disbursement</th>
<th>5.1 Following signatures, funds disbursed to partners (in tranches to NGOs)</th>
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<td>* OCHA FCS *Partners</td>
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**Reserve allocation**

39. 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 can also be used to provide an immediate response for projects not within the HRP as well as activities not prioritised in the standard allocation where need has been demonstrated. Reserve allocations are significantly quicker than the standard allocation process. Proposals can be accepted either on a rolling basis (considered on a first-come, first-served basis) or based on the decision of the HC to trigger a reserve allocation through a call for proposals. In the case of a reserve allocation, the AB may decide to prioritize specific caseloads, cluster(s) and/or activities, and may make the allocation through a cluster defense system. The necessity and size of the reserve allocation will be decided by the HC in consultation with AB.

**Table 2: Reserve allocation workflow**

<table>
<thead>
<tr>
<th>Step 1 Allocation Strategy</th>
<th>1.1 HC announces a reserve round proposal and the HFU prepares an allocation paper OR partner approaches HFU for submission of proposal</th>
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<td>*HC *HFU *Partners</td>
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<tr>
<th>Step 2 Technical Review</th>
<th>2.1 HFU and cluster coordinators review proposals for strategic alignment and technical soundness</th>
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<td></td>
<td>*HFU *Cluster coordinators</td>
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<tr>
<th>Step 3 Final Approval</th>
<th>3.1 HC reviews proposals and shares them with the AB which holds an emergency meeting to endorse or reject the proposals</th>
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<td>*HC *AB</td>
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<tr>
<th>Step 3 Final Approval</th>
<th>3.2 HFU drafts the Grant Agreement and decides start date in consultation with partner</th>
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<td></td>
<td>*HFU * Partners</td>
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<tr>
<th>Step 3 Final Approval</th>
<th>3.3 The HC approves the project, and signs Grant Agreement</th>
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<td>*HC</td>
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<tr>
<th>Step 3 Final Approval</th>
<th>3.4 HFU shares the Grant Agreement with the partner for counter-signature (date marks start of eligibility)</th>
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<td>*HFU *Partners</td>
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<tr>
<th>Step 3 Final Approval</th>
<th>3.5 OCHA FCS Finance signs Grant Agreement</th>
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<td>*OCHA FCS Finance</td>
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**Step 4 Disbursement**

4.1 Following signatures, funds disbursed to partners (in tranches to NGOs)

*OCHA FCS*  

**Start date and eligibility of expenditure**

40. The HFU will liaise with the implementing partner to determine the start date of the project. The earliest possible start date of the project is the date of signature of the grant agreement by the partner. The agreed upon start date will be included in the grant agreement. If the signature of the grant agreement occurs after the agreed upon start date, the date of the signature of the grant agreement takes precedence. The HC can then sign the grant agreement.

41. Upon signature by the HC, the HFU 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 FCS Finance Unit in New York for the final signature. Eligibility of expenditures will be determined by the date of partner signature of the grant agreement.

**Revision requests**

42. Significant deviations from the original project objectives, including changes in the geographic location of the project, the target population, or the scope of project activities will be assessed on case-by-case basis. Variations of all forms must be brought to the fund manager’s attention with clear and strong justification. Revision requests need to be supported by cluster coordinators and approved by the HC.

43. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the reasons justifying the request. NCE requests can be approved by Head of OCHA if delegated by the HC.

44. Implementing partners are authorized to make budget variations not exceeding fifteen (15) per cent on budget categories of the approved project budget. However any cost increase to the “Staff and other Personnel Costs” category should be approved in writing by OCHA. Any variations exceeding 15 per cent on any one budget category shall be subject to prior consultations with OCHA and approval by the HC.

45. Under no circumstances should budget revisions increase the total budget originally approved by the HC.

46. Revision requests are submitted and processed through the GMS.

6. **Accountability framework**

47. Accountability of the IHPF is articulated on two levels. The first measure of accountability is the ability of the Fund to achieve its objectives as a humanitarian financing mechanism. The HC is responsible for establishing a process which produces high-quality allocation strategies, selects appropriate and qualified implementing partners, monitors implementation and verifies that reported results are genuine and match those of approved project agreements. This is captured in a logical framework of the application template that enables the HC to assess the results of the IHPF in the short, medium and long term.

48. Second, accountability relates to the ability of individual implementing partners to achieve expected project outputs and outcomes. Implementing partners are ultimately responsible for project activities, project outputs and for reporting accurately on results.
49. To this end, OCHA prepares an Accountability Framework consisting of four pillars that enables the HC to ensure that implementing partners are delivering intended programmatic results; the IHPF is managed responsibly and according to established guidelines; and, ultimately, that the IHPF is achieving its main objectives. The pillars are:

- Fund-level risk management
- Due diligence, capacity and performance review
- Monitoring and reporting
- Auditing and evaluation

50. The Accountability Framework, once endorsed, will define how and when partners will be assessed and selected as IHPF partners, what will be monitored and reported on, how and when audits will be carried out, who is responsible for each pillar of accountability, what key actions will be taken, and what resources are necessary for ensuring overall accountability. A full inventory of minimum resources required for successfully preparing and applying the Accountability Framework will need to be developed by OCHA and agreed upon by the Advisory Board.

5.1 Fund-level risk management

51. Risks in the context of the IHPF are not limited to agencies that receive funding and implement projects. Risk management is closely related to strategy and covers the full range of risks that may affect the achievement of the Fund’s objectives. In this light, risks have been identified, analyzed and categorized in terms of severity according to relative likelihood and potential impact on Fund objectives. Mitigation strategies are designed, and assigned to specific stakeholders. This analysis represents a management tool which enables the HC, supported by the AB, to ensure strategic decision making and guarantee that the IHPF remains relevant in the context in which it is operating.

52. To this end, OCHA HFU has developed a detailed fund-level risk management framework that broadens the definition of risk beyond programmatic and financial risks associated with implementing partners, and identifies the key factors of risks faced by the Fund in the national context. Based on the likelihood and potential impact of the risks identified, a heat map has been developed that allows to classify risks and to highlight the most pressing ones. Based on the heat map, an action plan is has been developed to outline strategies to mitigate or prevent the risks faced by the Fund. The fund-level risk analysis clearly spells out residual risks to enable informed decision-making based on knowledge of the potential consequences (see table 3 below). This will ensure that priority risks are mitigated, initially at the fund level, but also at the global level in the context of OCHA’s corporate risk registry.

53. The fund-level risk analysis will be periodically reviewed depending on the changing circumstances. OCHA will periodically update the AB on the implementation progress of the risk treatment actions that have been taken. The AB will advise the HC accordingly on assessment of the critical risks and outstanding action plans.
Table 3: IHPF risk analysis and mitigation matrix

<table>
<thead>
<tr>
<th>Risk (Per category)</th>
<th>Likelihood¹ (Descriptor includes: rare, unlikely, possible, likely and almost certain)</th>
<th>Impact (Descriptor includes: insignificant, minor, moderate, major and catastrophic)</th>
<th>Mitigation strategy</th>
<th>Timeframe</th>
<th>Action owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk category: Strategic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk (1): Uneven caseload coverage due to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of timeliness, predictability or inadequacy of funding to reach critical mass;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of diversification in funding source;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Insufficient reserve to provide fund for sudden onset emergencies;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inadequate cluster level engagement amongst frontline partners operating in hard-to-access locations;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inadequate coordination between non-traditional/regional based funding sources, or government funded projects and that of interventions supported through the Iraq HPF;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inadequate need assessment or insufficient/poor quality of data;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inadequate number of implementing partners on ground particularly in hard-to-reach locations or limited access due to insecurity for humanitarian workers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reduced monitoring capacity in insecure locations with limited access for humanitarian workers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Likely</td>
<td>Major</td>
<td>Reduce Risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Closely monitor humanitarian situation and maintain donor relations to keep abreast of funding intentions; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reduce Risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Advocate for continued support and actively explore alternative funding sources;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Identify and attend key humanitarian donor meetings and enhance information exchange;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Provide data collection and analysis of NGO and cluster/sector coverage and encourage all IHPF recipients to actively participate in existing coordination mechanisms.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Use of available monitoring mechanisms as per monitoring tool kit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Continuous</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

² Descriptors for Likelihood include: 1. rare (highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will), 2. unlikely (not expected, but there's a slight possibility it may occur at some time), 3. possible (the event might occur at some time as there is a history of casual occurrence), 4. likely (there is a strong possibility the event will occur as there is a history of frequent occurrence), 5. almost certain (very likely. The event is expected to occur in most circumstances as there is a history of regular occurrence).
<table>
<thead>
<tr>
<th>Risk category: Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk (2): Limited participation of key humanitarian actors in the Iraq humanitarian coordination architecture due to:</strong></td>
</tr>
<tr>
<td>- Inadequate collaboration with non-traditional actors such as CBOs, faith-based organizations.</td>
</tr>
<tr>
<td>Likely</td>
</tr>
<tr>
<td>- Encourage all IHPF recipients as well as non-recipients to actively participate in existing coordination mechanisms.</td>
</tr>
<tr>
<td>Continuous</td>
</tr>
</tbody>
</table>

| Risk (3): Underperformance of implementing partners due to: |
| - Overstretched IPs receiving fund; |
| - Subcontracting resulting in chain of high overhead costs; |
| - New and inexperienced partners stretching to new areas without sufficient local knowledge; |
| - Poor linkage and ineffective cluster support to project cycle management, in particular oversight support, need analysis, and quality assurance; poorly supported IHPF operation. |
| Possible | Major | Reduce Risk: |
| - Implement partner capacity review and risk rating and use results of assessment to apply appropriate compliance measures: |
| - Clarify and agree on cluster/working groups role on monitoring IHPF supported projects; |
| - Explore similar experience on remote monitoring, third party monitoring and incorporate same in monitoring plans. |
| Continuous | HC | OCHA HFU | Clusters |

| Risk (4): Lack of understanding of IHPF process, strategic objectives, and tools in particular among national IPs due to: |
| - Limited IP capacity, inadequacy of orientation, support and coaching. |
| Possible | Moderate | Reduce Risk: |
| - Design and implement capacity building/orientation sessions to IPs |
| June through December 2015 | OCHA HFU |

| Risk (5): Limited capacity of OCHA and clusters to support implementing partners due to: |
| - including insufficient partner capacity review, risk rating, coaching, continuous performance monitoring including on-site monitoring and reporting; insufficient use of diversified monitoring mechanisms including remote monitoring; poor analysis and use of monitoring findings to influence intervention and enforce compliance measures due to limited internal capacity to support partners. |
| Possible | Moderate | Reduce Risk: |
| - Ensure adequate staffing and support to IHPF. |
| Continuous | OCHA HoO | HC | FCS | Clusters |

<p>| Risk (6): Implementing partners encountering significant difficulties in the use of the online Grant Application and Management System (GMS) due to: |
| - Limited capacity, inadequate training or poor communication infrastructure. |
| Likely | Moderate | Reduce Risk: |
| - Plan, and implement training on GMS rollout, training for IPs, ensure the existence of internal capacity to support and provide coaching to IP. |
| Continuous | HoO | OCHA HFU | FCS |</p>
<table>
<thead>
<tr>
<th>Risk category: Governance</th>
<th>Possible</th>
<th>Major</th>
<th>Reduce Risk</th>
<th>Continuous</th>
<th>• OCHA HFU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk (7): Deterioration in Fund’s overall reputation and funding due to:</strong></td>
<td></td>
<td></td>
<td>• Reduced Fund’s accountability to donors; and affected people;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Inadequate commitment and lack of active participation among key actors in governance process.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk (8): Irregular management by implementing partners due to:</strong></td>
<td></td>
<td></td>
<td>• Poor financial management capacity;</td>
<td></td>
<td>OCHA HFU</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Growing insecurity, limited monitoring or weak internal control.</td>
<td></td>
<td>OCHA HFU</td>
</tr>
<tr>
<td><strong>Risk (9): Inadequate capacity of OCHA to disburse funds in a timely manner and to monitor and report on:</strong></td>
<td>Likely</td>
<td></td>
<td>Reduce Risk</td>
<td></td>
<td>OCHA HFU</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• NGO partners’ performance and undertake financial spot check due to access constraints, limited technical expertise and human resources.</td>
<td>June-December 2015</td>
<td>OCHA HFU</td>
</tr>
<tr>
<td><strong>Risk (10): Inadequate capacity of implementing partners, related to financial reporting and control due to:</strong></td>
<td>Likely</td>
<td></td>
<td>Reduce Risk</td>
<td></td>
<td>OCHA HFU</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Limited capacity or overstretched capacity of implementing partners.</td>
<td></td>
<td>OCHA HFU</td>
</tr>
<tr>
<td><strong>Risk (11): Misuse of resources due to:</strong></td>
<td>Likely</td>
<td></td>
<td>Reduce Risk</td>
<td></td>
<td>OCHA HFU</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lawlessness, widespread conflict, access restriction, resistance to humanitarian action or poor oversight.</td>
<td></td>
<td>HoO OCHA HFU</td>
</tr>
</tbody>
</table>
5.2 Due Diligence, Capacity and Performance Review

Due Diligence and Capacity Review

54. The capacity review process is an essential part of the accountability framework, and a fundamental element of all OCHA-managed pooled funds endorsed by both donors and implementing partners. Its strength lies in its adaptability to specific contexts and in its inclusivity. It encourages a dialogue between OCHA and prospective NGO partners to highlight areas where capacity building efforts can best be directed to continue raising the quality and timeliness of humanitarian aid efforts.

55. At the partner level, the HFU devises a context-appropriate approach to assess the capacity of each potential NGO implementing partner. The capacity review takes into account existing assessments such as Harmonized Approach to Cash Transfers (HACT).

56. To this end, prospective NGOs will initiate the capacity review process by filling out the Initial Application Form and the Initial Application Checklist and return to the HFU their completed application, together with the required documentation outlined in the Checklist.

57. Following the submissions, the HFU team reviews the application documents of the recommended organizations and conducts a simplified form of Capacity Review specifically tailored for IHPF.

58. The Capacity Review Tool is structured to cover six areas with sets of questions to systematically review the capacity of prospective NGO partners in terms of their institutional and technical expertise, as well as response capacity and cluster participation. Using a scoring and weighting system, an overall review result will be given to partners/organizations.

59. Based on the individual score obtained during the assessment, eligible partners will be categorized in three risk-level categories (low, medium and high). The HC, in consultation with the AB, decides the threshold for eligibility as well as score bands of each risk level. The risk levels will be adjusted to lower risk levels through good performance and by addressing areas which require improvement.

60. The identification of the level of risk presented by the NGO implementing partner determines the operational modalities that apply to the management of the partner’s IHPF project. These include disbursement modalities, frequency of narrative and financial reporting, and prioritization for monitoring visits, in accordance with the various risk level, as well as with the duration and budget amount of the project. Table 4 below provides an overview of these modalities based on three elements: (i) partner’s risk level, (ii) budget amount, and (iii) project duration.

61. Partners who disqualify and considered ineligible for the IHPF processes would be given another opportunity to fill in and submit Capacity Review applications to the HFU after 6 months. See below the capacity.
Capacity review workflow

Partner completes the Initial Application Form and Checklist and submits to HFU together with requested supporting documents.

Capacity Assessment process undertaken by Humanitarian Financing unit.

Partner receives feedback and encouraged to make institutional adjustments – can re-submit application within 6 months.

Capacity Assessment overall score is equal or less than 30%.

☑️ Capacity Assessment overall score is above 30%.

Assessed as Low Risk Partner (score above 90%).

Assessed as Medium Risk Partner (score between 71% to 90%).

Assessed as High Risk Partner (score between 31% to 70%).

Applicable Operational Modalities and Control Mechanisms.
The mission of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors.

**Coordination Saves Lives**

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**Table 4: Operational Modalities**

<table>
<thead>
<tr>
<th>Risk level</th>
<th>Project duration (months)</th>
<th>Project value (thousand USD)</th>
<th>Maximum amount per project (thousand USD)</th>
<th>Disbursements (in % of total)</th>
<th>Financial reporting</th>
<th>Narrative reporting</th>
<th>Monitoring</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For disbursements</td>
<td>31 January</td>
<td>Final</td>
<td>Progress</td>
</tr>
<tr>
<td>H</td>
<td>Less than 7</td>
<td>≤ 250</td>
<td>60-40</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>500-500</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Between 7-12</td>
<td>≤ 250</td>
<td>40-40-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (2)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>800-30-30</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (2-3*)</td>
<td>Yes</td>
</tr>
<tr>
<td>M</td>
<td>Less than 7</td>
<td>≤ 250</td>
<td>100</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>700-80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Between 7-12</td>
<td>≤ 250</td>
<td>60-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 250</td>
<td>1,200-60-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td>L</td>
<td>Less than 7</td>
<td>≤ 400</td>
<td>100</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 400</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Between 7-12</td>
<td>≤ 400</td>
<td>60-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 400</td>
<td>80-20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (1 mid)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* Three progress reports are only required for projects of 10 months or more.
** Additional monitoring are only required for projects of 10 months or more.

**NOTE:** These operational modalities can be considered minimum requirements for OCHA-managed country-based pooled funds.
62. Once a partner has received a grant, the HFU will begin reviewing partner performance throughout project implementation. In particular, the HFU will track and score partner performance in relation to 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.

63. The scores assigned to the partner for each of these factors will be summarized in a partner Performance Index (PI) as described in table 5, below. A partner will also receive an annual average PI score taking into consideration all projects implemented over the course of a year. The PI will impact on the risk level determined through the initial capacity review, and result in a change of the risk level in the operational modality (table 4 above).

64. UN Agencies will also be subject to performance management, with PI scores used to assess future funding decisions. The criteria and scoring system can be tailored to the type of project to be implemented such as stakeholder satisfaction survey for pipeline projects.

Table 5: Performance Index

<table>
<thead>
<tr>
<th>Performance Index (PI)</th>
<th>Description</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Outstanding Performance</td>
<td>To be considered favourably when more than one application is received for a similar intervention. HFU will improve the risk rating in order to decrease the control measures that apply to the partner.</td>
</tr>
<tr>
<td>3</td>
<td>Good Performance</td>
<td>To be considered favourably during the review process.</td>
</tr>
<tr>
<td>2</td>
<td>Satisfactory Performance</td>
<td>Allocation possible. HFU to review risk rating and control measures that apply to the partner.</td>
</tr>
<tr>
<td>1</td>
<td>Performance needs improvement</td>
<td>Allocation possible if accepted by the HC. HFU will decrease the risk rating in order to increase control measures that apply to the partner.</td>
</tr>
<tr>
<td>0</td>
<td>Poor Performance</td>
<td>No further funding allocation.</td>
</tr>
</tbody>
</table>

65. When a partner with high risk rating scores poor performance (0) in the PI, the partner will not be considered eligible for funding for the next allocation or for a 6-12 month period. To be considered eligible again, it will have to demonstrate improvements in the areas of weakness.

66. In addition to these dynamic elements, partners that have been assessed but have not implemented IHPF projects within three years will undergo a re-assessment prior to being considered for grants.

5.3 Monitoring and Reporting (M&R)

Monitoring

67. IHPF implementing partners are expected to have adequate internal mechanisms for project management, reporting and monitoring. The capacity of each organization will be verified during the capacity review, during the project approval process and, finally, during the monitoring and reporting phase. Project performance information is effectively generated through internal mechanisms developed by implementing partners. IHPF encourages implementing partners to include a budget item for Monitoring and Reporting.
68. The HC will be responsible for ensuring that a representative sample of projects funded by the IHPF is effectively monitored through appropriate monitoring modalities. The HFU is further responsible for coordinating monitoring efforts and ensuring that context-appropriate monitoring of projects is carried out. To this end, the HFU will develop a detailed Monitoring and Reporting Plan defining appropriate monitoring methodologies, calendar and templates following each allocation considering the nature of the projects, risk level of partners and location. The plan will also look into the roles and responsibilities different stakeholders such as sub-offices and clusters based on this Manual.

69. Key components of IHPF monitoring and reporting include:

- Ensure adequate verification of results at project level (through monitoring and review of submitted reports) thereby contributing to increased accountability;
- Provide evidence on how the IHPF has contributed to broader outcomes set forth in the HRP, and reinforce evidence based decision making by HC, IHPF Advisory Board and Cluster Coordinators;
- Ensure that resources are used efficiently and according to what was agreed upon in project documents;
- Support implementing partners during their implementation of IHPF-funded activities;
- Review and analyse narrative and financial reports collected from implementing partners;
- Ensure implementations of actions points from monitoring findings;
- Collect lessons learned and promote best practices from monitoring and submitted reports;
- Ensure transparency through IHPF Annual Report and periodic updates (e.g. dashboards).

70. Depending on the context and the type of project, the following represent some of the monitoring mechanisms that may be considered for the IHPF:

Field site monitoring - Field site monitoring, implemented by OCHA and supported by clusters, is a critical component of the overall framework in order to verify that IHPF-funded projects are delivering against targeted outputs, and to allow the HC and clusters to assess the qualitative aspects of programme implementation. As there are limitations to what can be observed through site visits, 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. A field monitoring visit should collect information that:

i) makes an assessment of the timeliness of overall project implementation;
ii) verifies reported results;
iii) assesses progress on key project activities;
iv) assesses the monitoring and reporting setup of the implementing partner; 
v) carry out financial spot checks.

Third Party Monitoring - Third party monitoring could be considered as a suitable monitoring approach where access is limited in areas of operation. This approach enables to obtain independently verified information about the status of implementation of projects (mainly in high risk areas), with particular emphasis on the achievement of project outputs. The approach combines field visits and desk reviews of available fund-related documentation (e.g., project proposals and any other relevant information/documentation). The main focus of third party monitoring is to verify that contracted activities are being implemented and associated outputs are delivered.

Remote Call Monitoring - Remote call monitoring can be a cost-effective means of collecting statistics and recording observations from key informants and beneficiaries on progress made on project outputs and satisfaction. Call centers can be established in safe locations with the sole purpose of conducting telephone interviews with key informants using structured multiple choice questionnaires. All information collected can be captured directly in a web-based platform hosted by the call center operator using
validation logic, thereby providing real-time progress information on projects monitored that would then be
shared with the HFU. Remote monitoring occurs in instances when it is not feasible to conduct physical
project visits. This is not uncommon, as other OCHA managed CBPFs tend to operate in insecure and
highly volatile environments with restricted access. For those situations where it is not possible to
undertake any form of monitoring (physical or remote), funding projects should be considered in light of the
urgency of the needs they address. The risks involved in such a decision should be communicated to the
Advisory Board.

Peer monitoring: Peer monitoring is a process where recipients of IHPF funding monitor each other’s work
so as to share lessons as well as improve response. Peer monitoring is considered as a promising remote
monitoring tool. It can be cost effective and provide the necessary external assessment of a project.
However, it requires careful planning, negotiation, briefing and clarity in order to be effectively
administered.

71. 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 (see table 4 above).

72. UN implemented projects will be monitored. Arrangements will be determined at the country level
according to the specific agreements outlined by the HC and the AB.

73. Monitoring results will feed into the Performance Index of an implementing partner, impacting the risk level
of NGO partners and future funding decisions of UN partners.

Reporting

By IHPF

74. IHPF Annual Reports and Periodic Updates: The Humanitarian Coordinator, supported by OCHA HFU and
in close consultation with the Cluster Coordinators, will prepare a narrative Annual Report of the IHPF
activities based on information provided through the HFU by each participating UN organisation and NGO
partner. The Annual Report will feature trends, best practices, lessons learned and challenges, and
showcase success stories and achievements. The IHPF Annual Report will be issued by the end of
February each year covering the previous calendar year. In addition, OCHA HFU will generate periodic
dashboards to update contributions, allocation breakdowns, as well as key achievements.

75. Transparency: Annual Reports, periodic dashboards, and related documents on IHPF activities in Iraq will
be posted on the official IHPF website (https://www.humanitarianresponse.info/operations/iraq).

By the Implementing Partner

76. Narrative and financial reporting requirements for NGOs are determined according to the operational
modalities described in table 3 above.

77. UN agencies will submit an interim financial statement to reflect expenditure incurred for project activities
up to 31 December of each year by the 31 January of the following year. Interim financial statements will
be submitted every calendar year until the submission of the final financial statement. Upon completion of
the project a final financial statement covering the period between inception and completion of the project
will be due no later than 30 June of the following year.
78. 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 narrative progress report to reflect achievements at midpoint of the project implementation.

79. Narrative reports and financial statements for UN agencies, IOM and NGOs will be submitted through the Grant Management System (GMS).

80. Reporting results, timeliness and quality will feed into the Performance Index of an implementing partner, impacting the risk level of NGO partners and future funding decisions of UN partners.

5.4 Audits and evaluations

81. OCHA operations audit: Internal UN oversight bodies (OIOS - Office of Internal Oversight Services and the BOA - Board of Auditors) regularly audit OCHA operations. 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 CBPFs (advisory boards, allocations, risk management, etc.) and look at compliance with rules and guidelines.

82. Audit of UN Organisations: Participating UN Organisations and IOM will be audited in accordance with their own financial rules and regulations and the framework for auditing multi-donor trust funds (agreed to by the Internal Audit Services of Participating UN Organisations and endorsed by the UNDG in September 2007).

83. Audits for NGOs: NGO implemented projects will be audited in compliance with applicable financial regulations, rules and directives as per the OCHA CBPF Grant Agreements. The costs of such an exercise will be borne by OCHA from the IHPF contribution. One or several external auditing companies will be contacted by OCHA together with UNDP to deliver on the audit requirements of NGO partners.

84. The HFU will keep a log of all audit findings to ensure that partners address previous findings on management weaknesses before applying for new IHPF funding. The audit performance will feed into the Performance Index of an implementing partner which will impact the risk level of NGO partners.

85. External evaluations: An external evaluation of the IHPF will be undertaken every three years in accordance with the OCHA global agreement with donors to country-based pooled funds. Evaluations shall be commissioned by OCHA New York in consultation with the HC and OCHA, and with Donors, UN Agencies/IOM and NGOs at the global level through the Pooled Fund Working Group. The evaluations shall focus on how the IHPF has ensured a needs-driven humanitarian response, as well as how it has performed as a funding mechanism and delivered against key IHPF objectives, including strengthening HC leadership, improving cluster coordination and promoting NGO partnership.

86. Donor visits, ad hoc reviews, studies and surveys: Donor visits as well as ad hoc reviews on how the IHPF is performing can also be considered beyond the mandatory three year evaluation. Such reviews should be done in close consultation between the HC, the Advisory Board and OCHA at country level and HQ. The HFU will also undertake surveys of IHPF stakeholders to gauge user satisfaction and to identify areas that need improvement.
5.5 Accountability to affected populations (AAP)

87. All IHPF stakeholders are strongly encouraged to abide by the five Commitments to Accountability to Affected Populations (CAAP) of the IASC (Leadership/Governance, Transparency, Feedback/Complaints, Participation, Design Monitoring and Evaluation)3. Organizations are required to have a feedback/complaints mechanism at the project level, in which community members can raise concerns to staff not involved in the project and this can be done anonymously.

88. At the project proposal stage, implementing partners are asked to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. IHPF reporting and monitoring procedures will seek to verify how this has been applied throughout project implementation. This will include, for the projects that will be monitored, making an assessment of the level of participation and access to information by project beneficiaries and complaints mechanisms.

5.6 Non-compliance measures

89. During the project implementation and reporting, if needed, the HC, through the HFU, will take progressive actions to address non-compliance with the contractual agreements and any obligations described in the global operational handbook. The measures enable 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:

- Overdue financial or narrative reports.
- Non refund of unspent funds.
- 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).
- Critical findings from monitoring and financial spot checks.
- Violation of humanitarian principles and code of conduct4.
- Indication of possible fraud, corruption or misuse of funds.

7. Additional Information

90. IHPF contact: all correspondences regarding Fund should be addressed to ihpf@un.org

91. Feedback and complaints mechanism: The following email address, feedback-ihpf@un.org, is available to receive feedback and complaints from stakeholders regarding the IHPF allocation process and any allegations of misuse of funds. OCHA HoO addresses and (if necessary) raise the issues to the HC, who will then take a decision on necessary action. Such emails can be anonymously submitted in local language.

92. Relevant OCHA policies and guidelines on CPBFs can be found at http://www.unocha.org/what-we-do/humanitarian-financing/country-based-pooled-funds.

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