

Syria – Emergency Response Fund Accountability Framework 5 May 2015

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A. Introduction

The Syria ERF Accountability Framework is based on a comprehensive risk management model which aims to link principles of due diligence, capacity assessment and performance throughout the project cycle. It applies the global Country-based Pooled Fund Guidelines, adapted to the context in Syria to ensure that funding best meets the needs of those affected by the crisis. It incorporates a risk management strategy and monitoring and reporting plan, and all processes aim to manage risk and verify performance in line with the Syria ERF Strategy and approved project plans

B. Executive Summary

With the establishment of the Emergency Response Fund (ERF) for Syria in 2014, the development of a comprehensive Accountability Framework was an essential component considering the substantial level of operational, financial and reputational risks of project implementation in Syria. The ERF Accountability Framework is based on a comprehensive risk management model which aims to link principles of due diligence, capacity assessment and performance and throughout the project cycle.



This document provides an overview of the four pillars of accountability under the ERF Syria: risk management, monitoring and reporting, evaluation and auditing. The Framework will serve as an operational manual defining how partners will be assessed and selected as ERF partners.

The Accountability Framework document is endorsed by the Humanitarian Coordinator (HC), in consultation with the Advisory Board (AB), who will ensure that adequate resources are allocated under the ERF to the proposed activities to ensure its full implementation.

C. Pillar One - Risk Management

The management of the ERF in Syria will be 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. Risks will be analysed at the level of the partner by undertaking due diligence activities and a comprehensive capacity assessment, as well as at the level of the Fund.

a. Due Diligence and Capacity Assessment Processes for Implementing Partners

In order to be eligible to apply for funding under the ERF Syria NGOs have to complete a capacity assessment process. Its aim is to ensure that the ERF is equipped with the necessary information about the capacities of NGO partners to implement ERF-funded projects.

The Capacity Assessment process is comprised of two inter-linked steps, each with its own review and feedback system to ensure transparency.

Due Diligence

The capacity assessment process will be initiated by prospective ERF partners filling out the *Initial Application Form* and the *Initial Application Checklist* and return their completed application, together with the required documentation outlined in the Checklist, to the OCHA Humanitarian Financing Unit (HFU).

The HFU will then conduct a preliminary review of the application and documents submitted, and provide feedback to the organisation as to whether their application can proceed to the next step of the process. The review is meant to ensure that only organisations that are thought to be able to meet the minimum requirements under the Capacity Assessment process will be recommended for the next step in order to avoid waste of time and costs for both the partner and ERF.

Capacity Assessment

Eligible partners, based on the individual score obtained during the assessment, will be categorised as having one of three capacity-level. The score will also determine the appropriate operational modalities and control mechanisms that will be applicable to them as defined in Table 1 below.

The Capacity Assessment tool plays a two-fold role. On one hand, it aims at improving the management of ERF projects by identifying the most suitable modalities and scale of assurances that guarantees sufficient transparency, whilst not overloading partners with unnecessary controls. The streamlining of control mechanisms will make project management requirements lighter for partners classified as having high or medium capacity. On the other hand, the capacity assessment aims at building the capacity of partners by identifying their strengths and areas for improvement and outlining areas where organisational capacity and systems can be strengthened. Non-eligible organisations will receive feedback on the assessment and be encouraged to make adjustments so as to become eligible in the future.

Ideally, ERF implementing partners should have:

Programme Management Capacity including:

- Legal capacity, status and authority to enter into a grant agreement with the ERF;
- Effective organisational leadership, management, transparent decision making and accountability systems;
- Adequate infrastructure and information systems to support grant implementation, including the monitoring of performance of sub-recipients and outsourced entities (such as procurement agents) in a timely and accountable manner; and
- Adequate technical expertise and cross-functional expertise to implement the programmatic activities.

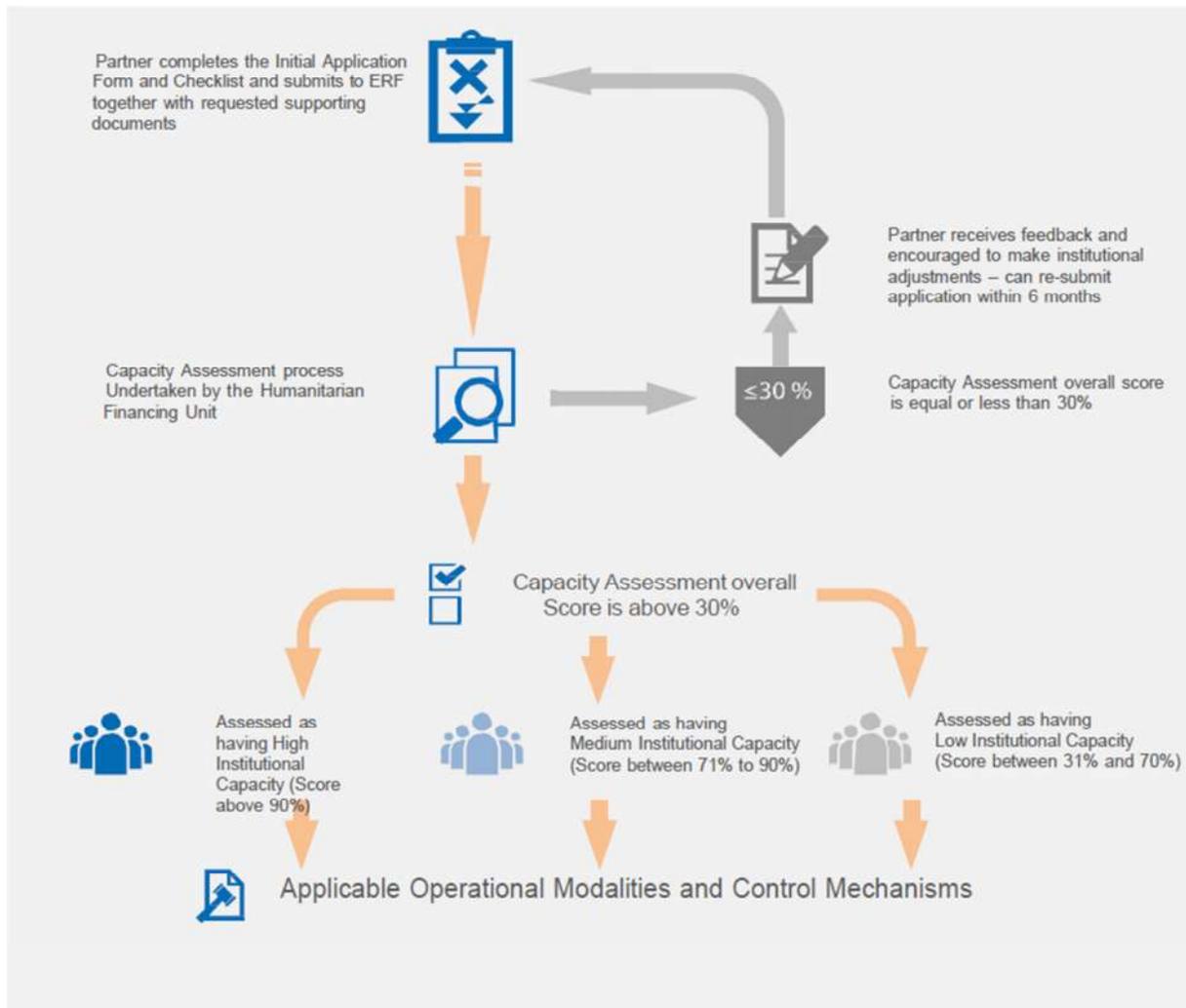
Financial Management and Systems that:

- Accurately and promptly record all transactions, disbursements and balances, including those related to the ERF;
- Maintains an adequate internal control system;
- Sufficient separation of duties;
- Enable the prompt preparation of regular and reliable financial statements and reports;
- Safeguard financial and physical assets of the ERF, and
- Are subject to and comply with acceptable auditing arrangements.

Monitoring and Evaluation Systems that:

- Collect and record programmatic data with appropriate quality control measures;
- Support the preparation of regular and reliable programmatic reports; and
- Make data available for the purpose of evaluations and other studies.

Application and Capacity Review Process



Capacity and Operational Modalities

Defining capacity levels

Partners deemed eligible will be assigned a level of performance (low, medium or high) which will determine the control mechanisms that will apply to them in their management of ERF projects. The definition of the eligibility thresholds and the score bands for the high, medium and low capacity categories will be developed by OCHA on behalf of the ERF, taking into consideration the operational context in Syria.

The performance level of each implementing partner is a dynamic rating that can change over time through the interactions between the partner and the ERF. Performance in the implementation of ERF projects can trigger changes in the performance level, e.g. timeliness of reporting, achievement of project objectives and targets, findings of audits, financial spot-checks and monitoring. In addition, partners that have been assessed but have not implemented ERF projects and have no performance history will be re-assessed after three years of completion of the previous assessment.

Control Mechanisms

The identification of the performance level of the partner determines the control mechanisms that apply to the management of the partner's ERF project. Measures such as budget size, disbursement modalities, frequency of narrative and financial reporting, monitoring visits, and audits are decided in accordance with the risk / capacity level of each partner as determined by the capacity assessment. Table 1 provides an overview of the modulation of the control mechanisms based on three elements partner capacity level.

Table 1 – Operational Modalities and Control Mechanisms for NGO Partners

Partner Capacity level	Funding ceiling (thousand US\$)	Disbursements (in % of total)	Financial reporting			Audit	Narrative reporting		Monitoring
			For disbursements	DD/MM	Final		Full Interim	Final	
High Capacity	Up to 2 Million	100	-	Yes	Yes	As per plan	1 (mid)	Yes	Up to 10%
Medium capacity	Up to 1 million	80-20	Yes	Yes	Yes	As per plan	1 (mid)	Yes	100%
Low capacity	Up to 500,000	60-40	Yes	Yes	Yes	As per plan	1 (mid)	Yes	100%

a. Risk Management at the Fund Level

A number of strategic, programmatic, financial and management risks are inherent as part of the administration of any funding mechanism. It is therefore essential to have in place a risk management framework to assist the HC and the ERF Advisory Board in making strategic decisions that maximise the ability of the ERF to implement its strategy. 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.

Risks in the context of the ERF Syria are not limited to agencies that receive funding and implement projects. Risk management covers the full range of risks that may affect the achievement of the fund's objectives. OCHA has therefore developed a detailed *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 Syria context. Based on the likelihood and potential impact of the risks identified, a risk matrix is developed that helps to classify risks and to highlight the most pressing ones. The risk matrix also outlines strategies to mitigate or prevent the risks faced by the fund. The fund-level risk analysis spells out residual risks to enable informed decision-making based on full knowledge of the potential consequences.

The *Risk Management Framework* will be regularly updated as per changing circumstances. OCHA will update the Advisory Board on the implementation progress of the risk treatment actions that have been taken at Advisory Board meeting.

Risk Management Framework

Risk Drive	Risk (From most to least critical)	Likelihood	Impact	Risk Mitigation Measure
Insecurity and armed clashes	Difficulties in undertaking needs-assessments for the hard to reach areas Operations difficulties	High	High	<ul style="list-style-type: none"> Produce preliminary assessments using available data Work with current partners on the ground or potential partners, to conduct an up-to-date needs assessment exercise and implement projects. Work in closely with the DSS
Fraud / theft and diversion of funds	Loss of assets and/or funds	Medium	High	<ul style="list-style-type: none"> Partners and projects are thoroughly vetted prior to approval. New NGOs undergo assessments before projects are approved applying new capacity assessment guidelines.

				<ul style="list-style-type: none"> Develop and implement an accountability framework, listing policies on risk management, monitoring and reporting, evaluation, auditing, feedback and complaints and accountability to affected populations.
Low absorption capacity of the implementing partners	Poor project implementation Unacceptable financial reports and qualified audit reports	Medium	High	<ul style="list-style-type: none"> Ensure <u>capacity assessments</u> are conducted to the highest possible standard. Provide coaching on ERF proposal development, and on project design, implementation and reporting. Monitoring and guidance to identify issues as they arise, and work with partners to improve financial reports and address audit report issues
Limited knowledge about the ERF and its funding modalities in Syria	Potential partners don't apply to the fund	High	Medium	Produce communications documents in English and Arabic which clearly outline ERF processes Promote national NGOs participation in the sector/ and inter sectors meetings

D. Pillar two – Monitoring and Reporting (M&R)

a. Objectives of Monitoring & Reporting

The framework is based on the assumption that ERF-funded partner organisations will have adequate internal mechanisms to meet project management, monitoring and reporting requirements and generate quality performance information. The capacity of each organisation will be assessed during the capacity assessment; during the project approval process; and during the monitoring and reporting phase.

Building on and acknowledging the role of these systems, the monitoring and reporting framework has the following key objectives:

- (1) Ensure adequate verification of reported results at project level thereby contributing to increased accountability;
- (2) Provide evidence on how the ERF has contributed to broader outcomes set forth in the Syria Response Plan, and reinforce evidence based decision making by the HC, the Advisory Board and Sector Leads;
- (3) Ensure that resources are used efficiently and according to agreed project documents and ERF policy papers; and
- (4) To support Partners during their implementation of ERF funded activities.

b. Monitoring Methodology – Applicable Tools

Monitoring outputs (activity monitoring) will be conducted by using quantitative tools and measures such as using structured multiple choice questionnaires. Information gathered will be analyzed and used to develop best practices. Methods used include:

i. Monitoring of projects implemented in areas not accessible to OCHA staff

- Use of Call Monitoring:** Telephone and Skype to collect information on progress made on project outputs from key informants and beneficiaries, and assess beneficiary satisfaction. Telephone interviews with key informants using structured multiple choice questionnaires will be used. The

informants will be selected based on their knowledge of the projects implemented, incl. partner's staff, community leaders, professionals, or residents in the area of implementation.

- **Photography and Video Monitoring:** Photography is an essential component of remote project monitoring and particularly useful in infrastructural projects such buildings and installation of equipment. A time-stamp on a photo confirms the date and time of the photograph, which increases their credibility as evidence of project progress.
- **Beneficiary and community-led Monitoring:** This type of monitoring offers opportunities for increased accountability and transparency. In order to implement these techniques, NNGOs and can act as a bridge between the final beneficiaries and the implementing partners.
- **Progress reports by implementing partners:** Reporting will reflect progress made on project implementation. This includes financial and narrative reports, where the frequency of reports submission will be based on the capacity level of implementing partners.

ii. Monitoring of projects implemented in areas accessible to OCHA staff

- **Field site Monitoring by OCHA staff:** Where possible, field site monitoring visits will be conducted by OCHA staff. Field monitoring will be essential to provide an insight into the status of project implementation. OCHA's field staff will be engaged in field site monitoring, using a specific monitoring template to ensure consistency in monitoring.
- **Field Site Monitoring by Sector Coordinators:** In order to promote peer-based monitoring, sector coordinators will be engage in monitoring of relevant projects. Their participation will promote the use of agreed sectoral baselines, supporting a coherent sector approach.

'Do No Harm' Considerations

All above options will need to be carefully assessed using a 'Do No Harm' approach to make sure that the selected monitoring option does not simply 'transfer risks' to other entities in charge of monitoring, or create unintentional harm.

Roles and Responsibilities

The partner implementing ERF-funded projects 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 ERF reporting purposes. They will also be expected to engage and facilitate field-monitoring visits with OCHA or sectors as deemed necessary.

OCHA's Humanitarian Financing Unit is responsible for:

- a. Developing and maintaining a comprehensive ERF Syria monitoring plan;
- b. Working closely with Sector Coordinators to develop standardised sector specific methodologies, tools, monitoring and reporting formats;
- c. Undertaking field site monitoring missions in line with the monitoring plan in cooperation with OCHA sub-offices; and
- d. Reviewing and analysing information collected through monitoring activities and reporting.

c. Managing Performance

Performance Index

An internal Performance Index will be developed with the objective to track partners' performance so as to inform future funding decisions and revise if necessary the Operational Modalities and Control Mechanisms that apply to partners.

The Performance Index will track the partner's capacity in a number of areas, including progress of project implementation, quality of activities, timeliness and quality of reporting (narrative and financial), audit results and revision requests, based on a scoring system. If a partner is found to have a poor performance record, no further funding allocation will be made until the partner can demonstrate internal changes/improvements have been made.

Performance Index	Description	Action
0	Poor Performance (0-19)	No further funding allocation
1	Under Performance (20-39)	Allocation possible. Strong Advisory Board and HC recommendation required. OCHA to increase control measures that apply to the partner.
2	Average Performance (40-64)	Allocation possible. OCHA to review control measures that apply to the partner.
3	Good performance (65-84)	To be considered favorably during the review process
4	Very good Performance (85-100)	To be considered favorably when more than one application is received for a similar intervention.

The performance index will be calculated per project according to the methodology contained in annex 1.

d. Reporting

Narrative and Financial Project Reporting

Project performance information is effectively generated through the partner's internal mechanisms. The role of OCHA is to collect, organise and provide quality control of the information that has been generated through these mechanisms.

Reporting requirements are determined by: (i) duration of projects (applicable to both UN Agencies and NGOs); (ii) partner risk level (applicable only to NGOs); (iii) total project budget (applicable only to NGOs); and (iv) requirements for the Annual Report.

All narrative reports should collect, as a minimum requirement, information on (i) number of beneficiaries targeted and reached, incl. in hard-to reach areas and besieged locations, (ii) progress on project outputs, (iii) use of funds (un-certified financial expenditures), and (iv) details of sub-granting.

Financial reporting requirements differ between UN agencies and NGOs. For UN agencies, reporting requirements are determined by the applicable agreement for the ERF. Financial reporting requirements for NGOs are captured by the applicable agreement between the NGO and the ERF, and determined by the risk level assigned to the partner. In all cases, partners will submit a final financial report, certified by the designated authority, after the end of the project.

Periodic Reporting on ERF Activities

The HC, supported by OCHA, will provide ERF donors and the Advisory Board quarterly monitoring reports and ERF. The reports will provide updates on progress made in terms of monitoring, challenges faced and recommendations for actions. They will include the Performance indicators.

ERF Annual Reports

The HC, supported by OCHA and in close consultation with the sector lead agencies, will prepare a narrative Annual Report of the Syria ERF. The Annual Report will feature trends, best practices, lessons learned and challenges, and showcase success stories and achievements.

Transparency

Annual Reports and related documents on ERF activities in Syria will be posted on the OCHA Syria website.

D. Pillar three - Evaluation

External Evaluation

External Evaluation of the Syria ERF will be undertaken in accordance with global guidelines for County Based Pooled Funds. Evaluations are commissioned by OCHA New York in consultation with the HC and OCHA Syria, and with donors, UN Agencies and NGOs at the global level through the Pooled Fund Working Group.

E. Pillar four – Auditing

Audits for UN Agencies and IOM

Participating UN Agencies will be audited in accordance with their own Financial Regulations and Rules and in accordance with the Framework for auditing for Country Based Pooled Funds.

Audits for NGOs

NGO implemented projects will be audited in compliance with financial regulations, rules and directives applicable the ERF. One or several external auditing companies will be contacted by OCHA to deliver on the audit requirements of NGO partners.

Audits of ERF

Audits at the overall ERF level are triggered and performed by the main oversight bodies of the United Nations: the UN Board of Auditors, the Office for Internal Oversight Services and the Joint Inspection Unit. Findings are made available to appropriate stakeholders.

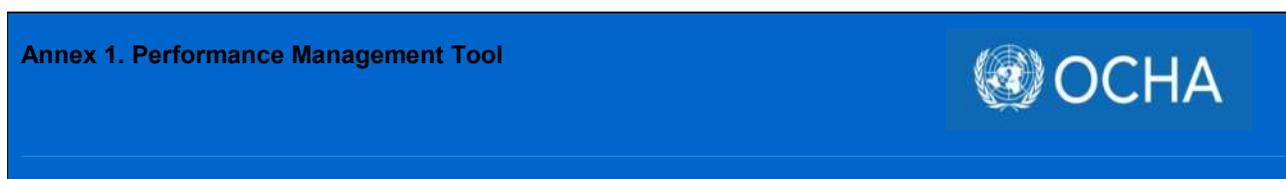
OCHA will keep a log of all audit findings under its internal Performance Index, to encourage organisations to address previous findings on management weaknesses before applying for new ERF funding.

F. Feedback and Complaints Mechanism

ERF stakeholders that feel that their concerns or complaints regarding Syria ERF processes or decisions have been insufficiently addressed, can at any point in time contact the OCHA Head of Office. Complaints will be compiled, reviewed and passed to the HC, who will then take a decision on necessary actions. The HC will share with the Advisory Board any such concerns or complaints and actions taken.

General feedback from partners or stakeholders regarding the ERF can be sent to OCHA who will address and/or answer the issue raised.

Annex 1: Performance Management Tool



Performance Index (PI)	Description	Action
0	Poor Performance (0-19)	No further funding allocation
1	Under Performance (20-39)	Allocation possible. Strong AB and HC recommendation required. HFU to increase control measures that apply to the partner.
2	Average Performance (40-64)	Allocation possible. HFU to review control measures that apply to the partner.
3	Good performance (65-84)	To be considered favorably during the review process
4	Very good Performance (85-100)	To be considered favorably when more than one application is received for a similar intervention.

Risk level of the partner - as per capacity assessment		High/Medium/Low	weighting
Performance Review Categories			
1	Quality and timeliness of submitted project document Assessment of quality of project proposal (and concept note if applicable) and timeliness of submission	(0-4)	10
2	Implementation Assessment of quality and timeliness of implementation against approved targets and timeframe	(0-4)	25
3	Narrative reporting compliance Assessment of quality of narrative reports and timeliness of submission	(0-4)	15
4	Revision requests and NCEs Assessment of frequency and timeliness of project revision requests and of their justification	(0-4)	10
5	Financial performance Assessment of quality of expenditure versus budget; and timeliness of submission	(0-4)	20
6	Audit findings Assessment of audit findings	(0-4)	20
Overall score		(0-24)	100
Performance Index		(0-4)	

NOTE: as UN agencies will not have audit reports, the total score will be done out of 20

Performance Indicators (1-6)	
1. Quality and timeliness of submitted project document	Points
Little or no revision required	4
Revisions were required but timely and satisfactorily addressed	3
Revisions were required and addressed satisfactorily but late	2
Revisions were not addressed satisfactorily	0
2. Implementation (monitoring and/or reporting findings)	Points
Outstanding performance	4
Good performance	3
Underperforming but justified	2
Underperforming and not justified	1
No performance	0
3. Narrative reporting compliance	Points
Reports submitted on time and good quality	4
Reports submitted late but good quality	3
Reports submitted on time but poor quality	2
Reports submitted late and poor quality	1
No submission	0
4. Revision requests and NCEs	Points
No revision requested/ Requested 1 justified revision on time	4
Requested 2 or more justified revision on time	3
Requested justified revision but late	2
Requested unjustified revision on time	1
Requested unjustified revision late	0
5. Financial performance	Points
Good expenditure rate and timely report	4
Low expenditure rate but justified; good report	4
Good expenditure rate but poor report	3
Low expenditure rate but justified; poor report	2
Low expenditure rate and not justified; good report	1
Low expenditure rate and not justified; poor report	0
6. Audit findings	Points
Clear audit	4
Audit with minor findings	3
Audit with ineligible expenditure	2
Audit with significant findings i.e qualified audit	0