

Ethiopia Humanitarian Fund Operational Manual

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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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Acronyms

AB	Advisory Board
CBPF	Country-based Pooled Fund
CERF	Central Emergency Response Fund
ECHO	European Commission for Humanitarian Aid and Civil Protection
EHCT	Ethiopia Humanitarian Country Team
EHF	Ethiopia Humanitarian Fund
ERC	Emergency Relief Coordinator
GMS	Grant Management System
FCS	Funding Coordination Section
FTS	Financial Tracking Service
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HFU	OCHA Humanitarian Financing Unit
HINGO	Humanitarian International NGOs
HRD	Humanitarian Requirements Document
HRF	Humanitarian Response Fund
INGO	International Non-Governmental Organization
IOM	International Organization for Migration
MOU	Memorandum of Understanding
NCE	No-Cost Extension
NGO	Non-Governmental Organization
NDRMCC	National Disaster Risk Management Coordination Commission
OCHA	Office for the Coordination of Humanitarian Affairs
RB	Review Board
UN	United Nations

1. Introduction

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

1.1 Purpose

3. The purpose of the EHF Operational Manual is to describe the governance arrangements, objectives, allocation modalities, and accountability mechanisms of the Fund, and to detail the roles and responsibilities of the stakeholders involved.
4. Under the direction of the HC, the EHF aims to support the timely disbursement of funds to the most critical humanitarian needs as defined by the Humanitarian Requirements Document (HRD) and unforeseen emergency needs.
5. In this regard, this Manual will provide guidance to implementing partners (IPs) and facilitate the role of OCHA, members of the respective review teams, and cluster/sectoral experts.

1.2 Scope

6. The EHF Operational Manual defines the country-specific regulations that govern the Fund. 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 Ethiopia.
7. Adherence to the guidance provided in the two documents is mandatory so as to ensure standard and transparent processes.

2. Objectives of the EHF

8. The EHF will be primarily aligned to support the delivery of humanitarian response identified under the HRD and supporting cluster strategies while retaining the flexibility to allocate funds to unforeseen events or special requirements. The EHF will reinforce the leadership and coordination role of the HC by driving funding to needs-based priority sectors and geographic areas. The EHF will also aim for a more inclusive approach by working with a variety of IPs in a complex operational environment. The EHF has the following main objectives:
 - I. Support adequate, timely, flexible and effective humanitarian financing;
 - II. Promote needs-based assistance in accordance with humanitarian principles;
 - III. Strengthen coordination and leadership primarily through the function of the HC and the cluster system;
 - IV. Improve the relevance and coherence of humanitarian response by strategically funding priorities as identified under the HRD and emerging unforeseen needs;
 - V. Improve partnerships between UN & non-UN actors.
9. Further, the EHF 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 EHF contributes to improving needs assessments, strengthening coordination mechanisms, in particular the cluster system, and improving accountability through an enhanced monitoring and reporting framework.
10. Interventions supported by the EHF are to be consistent with the core humanitarian principles of humanity, neutrality, impartiality and independence.

¹ <http://www.unocha.org/what-we-do/humanitarian-financing/cbpf-global-guidelines>

11. The EHF is committed to promoting gender sensitive programmatic responses.

3. Governance and management

12. The activities of the EHF will be carried out under the overall stewardship of the HC. The HC will be advised by an Advisory and Review Boards and an OCHA-led Humanitarian Financing Unit (HFU) fulfilling the EHF's secretariat functions. The Review Board (RB) will be chaired by OCHA and represented by technical experts of humanitarian organizations from UN, International and National NGOs, the Government and the Red Cross. The EHF Advisory Board (AB) will be chaired by the HC and with 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 in consultation with government counterparts.

3.1 The Humanitarian Coordinator (HC)

13. The overall management of the Fund on behalf of the Emergency Relief Coordinator (ERC) will rest with the HC, in consultation with the Advisory and Review Boards. The HFU will provide the daily management of all programmatic and financial aspects of the Fund.
14. Key responsibilities of the HC are:
 - I. Approves the EHF 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 AB 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 AB and the review teams are functioning in accordance with the guidelines outlined in this Operational 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 and/or Review Boards for circumstances which require an immediate response. In addition, the HC has the authority to overrule recommendations from the clusters. Such exceptional decisions will be reported to the AB at the next meeting.
 - VII. Approves projects, initiates disbursement and approves revisions;
 - VIII. Ensures complementary use of EHF funding with other funding sources, including the Central Emergency Response Fund (CERF);
 - IX. Leads the process of phasing out the EHF.

3.2 Advisory Board (AB)

15. The EHF 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 and discuss funding priorities that fall within and outside of the HRD. In addition, the AB shall advise the HC in setting funding targets and support resource mobilization efforts.
16. Key functions of the 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 advise the HC on strategic elements of the Fund such as the allocation strategies and the operational manual. The AB advises on fund allocation to appropriate priorities as recommended by clusters or the RB. The AB also consults on the amount to be allocated through different allocation modalities i.e. Standard Allocation/Call for Proposal and/or Reserve Allocation.
 - II. Risk management: The AB endorses the Fund-level risk analysis and risk management plan in accordance with the EHF's Accountability Framework (see section 6). The AB supports the HC

- and the HFU in undertaking periodic risk analyses and reviewing a risk management plan of the EHF;
- III. Eligibility and risk rating of NGOs: The AB decides the threshold for eligibility after which the partner will be categorized according to a specific risk level in accordance with the EHF Accountability Framework (see section 6);
 - 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.
17. Membership of the AB will be rotational with duration and membership to be determined by the AB. The composition of the AB will be:
 - I. Humanitarian Coordinator (Chairperson)
 - II. Two contributing donor representatives (members)
 - III. Two NGO representatives as selected by the HINGO group (members)
 - IV. Two Humanitarian response engaged UN Agency representatives (members)
 - V. OCHA Head of Office (member)
 - VI. OCHA Deputy Head of Office (observer)
 - VII. One non-contributing donor representative (ECHO and/or OFDA, observer)
 - VIII. AB Secretariat (member, OCHA HFU)
 18. The Chairperson may invite other stakeholders deemed necessary to improve discussions and recommendations.
 19. The AB meets at least once a year to review operational activities. A higher frequency and/or ad hoc meetings may be requested by the HC as s/he deems necessary.

3.3 Review Board (RB)

20. The EHF RB is composed of representatives from the UN Humanitarian Agencies, the Government's National Disaster Risk Management Commission (NDRMC), NGOs that are representative of existing consortiums and have specific sector expertise and a representative from the Ethiopian Red Cross. Agencies with specific expertise in gender should be included on the RB. Observers from other donors are welcome.
21. The RB primarily reviews proposals submitted through the Reserve Allocation modality. The review process will be carried out in the RB's regular and extraordinary meetings, as well as by email exchange. The RB can also be used when it is not possible to hold an AB meeting for Standard Allocation. Proposal/s recommended by the RB will be shared with the AB electronically
22. RB Meeting Procedures:
 - The normal means for decision making will be by consensus. If consensus cannot be reached decisions may be reached by a majority vote (one vote per agency present). The chairperson will have a casting vote should the vote be tied. Board members, who wish to, may have their disagreement with a decision recorded in the minutes. For a meeting to be quorate at least six agency representatives must be present, of which at least two should be representatives of non UN agencies.
 - Board member agencies may nominate their representative on the board and may vary their choice from meeting to meeting. Each agency has the right to invite one observer. However the total number of observers may not exceed three at any meeting. If more than three observers are invited priority will go first to Government representatives and then to NGO agencies in determining who may stay. By advance agreement with the OCHA secretariat, board members may invite technical experts to attend meetings. Such invitees may input to the proposal review discussions but may not participate in decisions about funding recommendations. It is preferred that no more than one observer or technical expert be invited to each board meeting.
 - At meetings in which an application to the fund from a member agency is being considered, that member is not eligible to sit so that any potential conflict of interest can be avoided.
 - Contributing donor agencies have the right to observe.

23. Key functions of the RB are to provide timely advice to the HC in relation to:
 - I. That proposals considered have been subject to adequate review by cluster and government counterparts;
 - II. Determine whether a given proposal merits recommendation for funding, in the context of strategic directions endorsed by the AB;
 - III. The humanitarian situation at national level;
 - IV. Fund availability;
 - V. The quality and cost effectiveness of the applications in hand;
 - VI. The degree to which gender and other cross cutting themes have been considered;
 - VII. Organizational past performance and risk rating.

24. The membership of the RB will be rotational with duration and membership to be determined by the RB. The composition of the RB will be:
 - I. OCHA Head of Office or delegate (Chairperson)
 - II. Humanitarian response engaged UN Agency representatives (members)
 - III. Cluster Coordinators (members)
 - IV. Three NGO representatives as selected by the HINGO group (members)
 - V. Government representative (National Disaster Risk Management Coordination Commission, member)
 - VI. National NGO consortium representative (member)
 - VII. Ethiopian Red Cross (member)
 - VIII. Non-contributing donor representatives (ECHO or OFDA, observers)
 - IX. RB Secretariat (member, HFU)

3.4 OCHA Head of Office (HoO)

25. The HoO is responsible for the effective management of the EHF in accordance with CBPF Policy Instruction and the Global Handbook for CBPFs. The responsibilities of the HoO with respect to the EHF are to:
 - I. Support and advise the HC on strategic issues and resource mobilization;
 - II. Supervise the OCHA/HFU and ensure that it 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 EHF processes and ensure that the Fund scope and objectives as outlined in the Operational Manual and/or allocation papers are aligned with the HRD;
 - V. Approve revisions within the scope of the delegation of authority granted by the HC;
 - VI. Interface with headquarters on policy issues related to the EHF;
 - VII. Act as a permanent member of the AB.

3.5 OCHA Headquarters (HQ)

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

27. OCHA FCS provides substantive support to OCHA Country Offices 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.

3.6 OCHA Humanitarian Financing Unit (HFU)

28. The HFU is responsible for the daily management of all programmatic and financial aspects of the EHF on behalf of the HC and under the overall supervision of the OCHA Head of Office.
29. In support of the HC, the Advisory and Review Boards, and with the assistance of relevant units at OCHA HQ, the HFU will undertake the following tasks:

Management of EHF operations and policy advice to the OCHA HoO and the HC

- I. Advise the HC and OCHA HoO on fund strategies and any other policy matters related to EHF;
- II. Facilitate the development of the EHF scope and objectives and/or allocation strategy paper;
- III. Ensure timely communication to partners on EHF standard allocation calendar of activities;
- IV. Engage with EHF donors and coordinate with other humanitarian donors in the country;
- V. Draft the resource mobilization strategy and support its implementation in coordination with headquarters resource mobilization efforts;
- VI. Provide technical advice to the HC and EHF RB on the allocation process, project implementation and monitoring;
- VII. Produce reports, analysis and other documents as necessary to support decision-making, coordination, communication and resource mobilization activities;
- VIII. Promote the complementary use of the EHF with funding from other sources, in particular the Central Emergency Response Fund (CERF);
- IX. Perform secretariat functions for the EHF Review and Advisory Boards;
- X. Facilitate public information sharing with all stakeholders.

Project Cycle Management

- I. Facilitate and train stakeholders on the use of the GMS;
- II. Ensure compliance with processes, systems, templates and tools as defined in the Handbook for CBPFs as well as EHF procedures;
- III. Provide support to all EHF 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 refund;
- 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;
- XI. Ensure Financial Tracking Service (FTS) reporting as required.

Implementation of the EHF 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 Handbook;
- IV. Ensure compliance with audit requirements and follow up recommendations stemming from audits and monitoring findings;
- V. Facilitate periodic external evaluations in line with the global agreements on evaluation requirements for CBPFs;
- VI. Compile the consolidated annual report of EHF operations.

3.7 Cluster Coordinators and Co-coordinators

30. Throughout the EHF process, each cluster will be coordinated by representatives of a cluster lead UN agency. OCHA encourages an NGO Cluster Co-coordinator to engage in the process when appropriate.
31. Cluster coordinators support the EHF at two levels: (i) at a *strategic level*, cluster coordinators should ensure that there are linkages between the fund, the HRD 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.
32. The Cluster coordinator and co-coordinators will undertake the following activities in relation to the EHF:
 - I. Facilitate all EHF related processes in consultation with cluster partners and government counterparts;
 - II. Establish needs-based priorities for EHF funding in consultation with cluster partners and government counterparts;
 - 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. Ensure quality and timely submissions of all related cluster materials;
 - VI. Promote the systematic use of relevant standard indicators for projects;
 - VII. Participate in field monitoring visits to support technical assessment of implemented projects (when possible);
 - VIII. Review and recommend revision requests when technical or strategic input is required;
 - IX. Supported by the HFU, train and build capacity of cluster partners (national and international) on EHF procedures.

3.8 Review Teams (Strategic and Technical)

33. EHF 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 AB, 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.
34. Key elements of review teams include:
 - I. Review teams should be established through a consultative process with a limited number of cluster members, equitably representing UN and NGOs and the HFU.
 - II. When delivering the strategic function, the respective review committees should be knowledgeable of humanitarian operations. The strategic review team assesses projects based on criteria (scorecards) determined at the time of allocation development.
 - 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. Experts should provide support and input to the technical review process.

3.9 Implementing Partners (IPs)

35. In relation to the EHF, IPs have the following responsibilities:
 - I. Application: IPs must familiarize themselves with EHF processes and seek advice from the OCHA CO (i.e. HFU) before applying for funding. In close collaboration with the HFU and clusters, the applicant partner develops and submits a project proposal and budget to the Fund (through the GMS, <http://cbpf.unocha.org>) providing all necessary supporting documents, within the given deadlines, and in a responsive manner.

- II. Implementation: After the approval process, the IP signs a grant agreement which specifies the terms and conditions applicable to the approved project. IPs 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 5 for details on revision requests).
- III. Monitoring: IPs must have robust internal monitoring and reporting procedures in place. IPs shall facilitate the monitoring of the projects in collaboration with the OCHA CO, cluster coordinators and other relevant parties. The OCHA CO 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 IP 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.

4. Eligibility, allocation criteria, parameters and modalities

4.1 Eligibility

36. Donor contributions to the EHF will be utilized to fund projects carried out by:
 - UN agencies and the International Organization for Migration (IOM)
 - National and international Non-Governmental Organizations (NGOs) and organizations of the Red Cross/Red Crescent movement.
37. In order to become eligible for funding from the EHF, UN agencies and IOM interested in applying for funding must complete the Due Diligence (fill out Registration Form) on the GMS (<http://cbpf.unocha.org>), after which OCHA will proceed with its review and approval.
38. International and national NGOs have to participate in the due diligence and capacity assessment process. Partners that meet all the due diligence requirements will undergo the capacity assessment 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 EHF. The methodology of this process is described in section 6 of this Manual.

4.2 Allocation criteria

39. The review and approval of project proposals is made in accordance with procedures outlined under the role of Review Teams and on the basis of the following criteria:
 - I. Partner eligibility and capacity: verified through a due diligence and capacity assessment 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 current EHF priorities 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);
 - IV. Needs-based: the needs are assessed, 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.

4.3 Allocation parameters

40. EHF allocation parameters are defined based on the Operational Handbook for CBPFs and are as follows:
 - 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;
 - III. IPs can request project revisions and/or no-cost extension to re-program and/or extend the duration of the grant.

4.4 Allocation modalities

41. The EHF will have two windows in terms of fund allocation modalities: a Reserve Allocation and a Standard Allocation. The main funding modality for EHF will be the Reserve Allocation for proposals responding to humanitarian needs identified in the HRD and other emerging humanitarian needs. A Standard Allocation through a call for proposals will be issued on a periodic basis at the discretion of the HC for collectively identified strategic needs within the context of HRD. The prioritization exercise will be driven by the cluster coordinators. The amount to be allocated through the Standard Allocation will be determined by the HC in consultation with the AB.

Reserve Allocation

42. The Reserve Allocation is intended for rapid and flexible allocation of funds in the context of the HRD as well as unforeseen circumstances, emergencies, or contextually relevant, systemic (pipelines, logistics, etc.) needs. Reserve Allocations will be significantly quicker than the Standard Allocation process. Proposals can be accepted either on a rolling basis or based on the HC decision to trigger a Reserve Allocation in the form of a call for proposals (up to the maximum of US\$10 million) for a specific caseloads, cluster(s) and/or activities.
43. Proposal/s can be presented to the RB through a (i) cluster defence system, (ii) directly by the applicant agency or (iii) electronically (No reservation from the RB within two days will be considered as a recommendation for funding).
44. The review of proposal/s under this modality will be carried out by the RB. The list of projects recommended by the RB will be approved by the HC and electronically shared with the AB for consultation. No reservation from the AB within two days will be considered as a recommendation for funding.
45. The Reserve Allocation is an allocation process that consists of four steps:
 - I. Submission of projects and review of strategic relevance
 - II. Technical and financial review
 - III. HC endorsement and final approval
 - IV. Disbursement
 - I. Submission of projects and strategic review
46. In consultation with the HFU and cluster coordinators, eligible IPs can submit proposals on a rolling basis, or when the HC activates the Reserve Allocation in the form of a call for proposals. All projects for EHF are submitted through the GMS.
47. The proposal/s are shared with the relevant cluster coordinators for review in collaboration with the HFU to ensure that it is in line with the cluster's strategy and objectives. The strategic review can be carried out by the cluster review committees. The review of proposals will be reviewed based on the following categories: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination structures. The above set of categories will be applied by all clusters/sectors.
48. If the project is determined to warrant a Reserve Allocation and deemed to be strategically relevant by the cluster review committee the project will be submitted for RB's recommendation. Once

recommended by the RB, the partner will be requested to re-submit project based on comments received, after which the technical and financial review will commence.

II. Technical and financial review

49. The objective of the technical and financial review process remains the same as for the Standard Allocation with the only difference being that the timeliness of the exercise for Reserve Allocations is a critical element of the process.
50. The objective of the technical and financial review processes is to ensure that proposals are of the highest possible quality before final approval by the HC. The review committees are comprised of groups of technical experts, per sector/cluster, that review project proposals according to their technical merit and the appropriateness of budget provisions.
51. The technical review stage also includes financial review by OCHA Finance (OCHA/HFU and OCHA Funding Coordination Section – Finance Unit).

III. Final approval by the HC

52. Following the clearance of the technical review process the HC will approve the project. The HFU will facilitate the finalization of the contractual arrangements. The AB will be informed that the project has been approved. If the AB does not object within the given timeframe (two days), the proposal is considered approved. If the AB objects, the HC will have to take the final decision. The HC has the power to overrule the AB's recommendation/s. Such exceptional decisions will be reported to the AB at the next meeting.
53. The HFU will liaise with the IP to determine the project start date. 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. Expenditures are eligible subsequent to IP signature date.
54. Upon HC's signature, 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 for the final signature.
55. Consolidated information on allocation decisions is made available to all stakeholders.

IV. Disbursement

56. Following the signature of the grant agreement by all parties (the last signatory being the holder of the delegation of authority in OCHA headquarters), funds will be disbursed within ten working days.

Table 1: Workflow for Reserve Allocation

	Steps/Activities	Stakeholders involved	Indicative duration (working days)
Step 1 Submission of projects and review of strategic relevance	1.1 Submission of proposal	* IP	10 (if done in the form of a call for proposal)
	1.2 General check (eligibility of partner in case of suspension, compliance with template, duplication of proposal, etc.)	* HFU	1

	1.3 Review of strategic relevance	* * CC * RB	HFU	10
	1.4 Submission for technical review	* HFU		1
Step 2 Technical and financial review	2.1 Financial and technical review	* CCs * OCHA/HFU * Gender and other cross cutting advisors		5
	2.2 Consolidation of financial and technical comments and submission to partner	* HFU		1
	2.3 Revision of proposal	* IPs		3
	2.4 Financial review	*OCHA FCS Finance Unit		2
	2.5 Review of proposal	* IPs		2
Step 3 Final approval by HC	3.1 HC approves project	* HC		2
	3.2 Project approved by HC is shared with AB for consultation electronically. AB has 1 or 2 working days to comment	* HFU		2
	3.3 HFU prepares draft Grant Agreement and decides start date in consultation with partner, and consequent reporting timeline	* HFU		1
	3.4 HC signs Grant Agreement	* HC		1
	3.5 Grant Agreement is shared with IP for counter-signature (date marks start of eligibility)	* IP		2
	3.6 Grant Agreement is signed by OCHA Executive Office	* OCHA FCS Finance Unit * OCHA ASB		2
Step 4 Disbursement	4.1 Following OCHA EO signature, first tranche of funding is disbursed to the partner	* OCHA FCS Finance Unit		Maximum of 10 days

Standard Allocation

57. Prior to each standard allocation round, the HFU will prepare an allocation paper/call for proposals and timeline in consultation with cluster coordinators and OCHA's Field Coordination Unit. The draft allocation paper will be discussed at the inter-cluster coordination meeting and endorsed by the AB.
58. The allocation paper will include:
 - I. Humanitarian context with a focus on how the allocation fits into the context
 - II. The allocation strategy and related priorities
 - III. Total amount to be allocated possibly further detailed by priority/cluster/sector/region to the maximum extent possible)
 - IV. Criteria for project prioritization (reflected in a prioritization matrix (scorecard)
 - V. Timeline
59. The standard allocation is an allocation process that consists of six steps:
 - I. Submission of projects
 - II. Strategic review

- III. HC preliminary approval and consultation with AB
- IV. Technical and financial review
- V. Final approval by HC
- VI. Disbursement

- I. Submission of projects

- 60. Eligible IPs prepare project submissions that address the priorities outlined in the allocation paper. All projects for EHF are submitted through the GMS.

- II. Strategic review of projects

- 61. This step of the process aims at identifying and prioritizing project proposals considered best suited to address the needs identified in the allocation paper. The pre-selection of projects are intended to stimulate efficiency and allow for a strategic response that correctly targets identified needs. The strategic review stage applies to all standard allocations.
- 62. The review committee is responsible for the strategic review and selection of a shortlist of proposals. Strategic review is carried out on the basis of criteria outlined in a prioritization matrix (scorecards), to be agreed before issuing the allocation paper. The EHF will apply prioritization matrices with scoring in each of the following key categories: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination structures. The above set of categories will be applied by all clusters/sectors.

- III. Approval of shortlisted projects

- 63. Cluster coordinators present their cluster portfolio that includes allocation strategy and list of proposals for the AB's consideration and approval. Once the HC endorses the shortlisted projects, partners will be informed and technical and financial review will commence.
- 64. In the event that it is not possible to hold a timely AB meeting, the RB can be called to review cluster's presentations and list of proposals. Proposals recommended by the RB and approved by the HC are shared with the AB for consultation electronically. The AB has two working days to comment on any concerns. No reservation from the AB within two days will be considered as a recommendation for funding.

- IV. Technical and Financial Review

- 65. The objective of the technical and financial review process is to ensure that proposals are of the highest possible quality before final approval by the HC. The review committees are comprised of groups of technical experts, per sector/cluster, that review project proposals according to their technical merit and the appropriateness of budget provisions.
- 66. The technical review stage also includes financial review by OCHA Finance (the HFU and OCHA Funding Coordination Section – Finance Unit).

- V. HC final approval

- 67. Once the technical review is completed, the HC will approve it. The HFU will facilitate the finalization of the contractual arrangements.
- 68. The HFU will liaise with the IPs 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. Expenditures are eligible subsequent to IP signature date.
- 69. 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 for the final signature.

70. Consolidated information on allocation decisions is made available to all stakeholders.

VI. Disbursement

71. Following the signature of the grant agreement by all parties (the last signatory being the holder of the delegation of authority in OCHA headquarters), funds are disbursed within ten working days.

Table 2: Workflow for Standard Allocation

	Steps/Activities	Stakeholders involved	Indicative duration (working days)
Step 1 Submission of projects	1.1 Formulation and launch of Allocation Strategy paper	* Cluster Coordinators (CCs) * OCHA * HC * AB	
	1.2 Submission of project proposal	* IP	10
	1.3 General check by HFU (eligibility of partner in case of suspension, compliance with template, duplication of proposal, etc.)	* HFU	1
Step 2 Strategic review	2.1 Strategic Review Committees (SRC) use Scorecards for projects in their respective clusters/sectors. SRC includes cluster coordinators (CCs), equitable UN and NGO representatives and HFU.	* SRC * HFU * CCs	10
Step 3 Preliminary approval by HC	3.1 Cluster Coordinators present cluster portfolios before the AB. The presentation includes the cluster's strategy, project selection process and the list of projects submitted for funding. In an event when it is not possible to hold an AB meeting, the Review Board can be called to review cluster's presentations and make recommendations to the HC. Projects shortlisted are submitted to the HC for approval.	* AB * RB (where applicable) * HFU * CC	3
	3.2 Projects approved by HC are shared with AB electronically if AB meeting was not held. . The AB has 2 working days to comment on any concerns.	* AB * HFU	2
Step 4 Technical and financial review	4.1 Partners re-submit proposals based on feedbacks from strategic review committees, HFU, AB and/or RB	* IPs	3
	4.2 Financial and technical review	* CCs * OCHA (HFU and FCS Finance Unit) * Gender and other cross cutting advisors	5

	4.3 Consolidation of financial and technical comments and submission to partner	* HFU	1
	4.4 Revision of proposal based on technical comments	* IPs	3
Step 5 Final approval by HC	5.1 HFU prepares draft Grant Agreement and decides start date in consultation with partner, and consequent reporting timeline	* HFU	2
	5.2 HC approves project and signs Grant Agreement; approved projects are shared with the AB for information	* HC	1
	5.3 Grant Agreement is shared with IP for counter-signature (date marks start of eligibility)	* IPs	2
	5.4 Grant Agreement is signed by OCHA EO	* OCHA FCS Finance Unit * OCHA ASB	1
Step 6 Disbursement	6.1 Following OCHA EO signature, first tranche of funding is disbursed to the partner	* OCHA FCS Finance Unit	Maximum of 10 days

5. Fund Administration

5.1 Start date and eligibility of expenditure

72. The HFU will liaise with the IP 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. Expenditures are eligible subsequent to IP signature date.
73. 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 for the final signature. ..

5.2 Revision requests: No-Cost Extensions, Budget Modifications and Project Changes

74. 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 a case-by-case basis. Variations of all forms must be brought to the Fund Manager's attention with clear justification. Revision requests need to be supported by cluster coordinators and approved by the HC.
75. Revision requests include no-cost extensions, change in activities/location and budget revisions within the original approved budget by the HC.
76. To initiate a revision request the partner sends an email to HFU indicating the Revision request with the project [GMS project code].
77. If received within the allowed time frame (four weeks prior to the end of the project), the HFU will create a revision request in the GMS. Late submission will be considered on a case by case basis.
78. The partner then specifies the details of the request and it is then forwarded to the cluster coordinator.
79. The cluster coordinator is to state his/her approval or objection for every revision request before the HFU makes its recommendation to the HC.
80. Revision requests can be approved by OCHA HoO if delegated by the HC.

I. No-Cost Extensions (NCEs)

81. No-Cost Extension (NCE) requests will be considered on a case-by-case basis, depending on the reasons justifying the request and evidence of progress collected through narrative and financial reports (i.e. progress/interim), or through field monitoring visits and financial spot checks.
82. NCEs should be submitted at least four weeks prior to the end of the project. Later submissions will be considered on a case by case basis.
83. The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project's budget or activities. To extend the duration, an amendment to the original agreement must be signed by both parties. If approved, the amendment becomes an integral part of the agreement and must be cleared by OCHA.

II. Budget Modification

84. There are two types of acceptable budget revisions:

Budget revision not exceeding 15 per cent of the approved budget

- i. This type of modification does not require formal authorization by the HC, which means that within this limit the IP has the flexibility to make adjustments to the project budget as needed throughout the implementation.
- ii. Cost redeployments to budget categories not exceeding 15 per cent of the originally approved budget category are acceptable for all categories except the "Staff and other Personnel Costs" category. Any variation in "Staff and other Personnel Costs" should be approved in writing by OCHA.
- iii. Redeployment must be done against existing budget lines.
- iv. Budget variations of this type, without prior consent, are acceptable as long as the activities retain the same scope and nature of the original grant.

Budget revision exceeding 15 per cent

- i. Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the HC authorization.
 - ii. The IP will make the request to the HC (Annexes 32 Project Revision Request Form and 34 Budget Tool for Amendments), after prior consultation with the fund manager.
 - iii. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the IP will also submit a revised logical framework.
 - iv. The HC approval of such modification will be formalized through an amendment to the original grant agreement (inclusive of all necessary supporting documents, project proposal, and project budget). If approved, the amendment becomes an integral part of the agreement and must be cleared by OCHA
85. Under no circumstances should budget revisions increase the budget originally approved by the HC.
 86. Budget line variations within the same category, not affecting the total value of the category, are acceptable without previous consent.
 87. Any additional budget lines within a category, even if they have no impact of the total amount of the category, require prior written consent of OCHA.

III. Project Changes

88. 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 by the HC through the OCHA HoO.
89. Major changes may require a project revision and subsequent amendment of the grant agreement.
90. Project revisions are subject to the approval of the governing entities. Requests for project revision must be normally submitted to the HC by the recipient organization. The request should clearly explain why the grant agreement needs to be amended and indicate the current operational status of the project. A financial statement detailing expenditures incurred to date should be submitted.
91. Revision requests are submitted and processed through the GMS.

5.3 Budget principles

The budget should include sufficient details to justify the budget estimates (Bill of Quantity) and notes to explain assumptions, approach and calculations are required (see annex 1, guidance on budget preparation).

6. Accountability Framework

92. Accountability of the EHF 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 IPs, monitors implementation and verifies that reported results are genuine and match those of approved project agreements.
93. Second, accountability relates to the ability of individual IPs to achieve expected project outputs and outcomes. IPs are ultimately responsible for project activities, project outputs and for reporting accurately on results.
94. To this end, OCHA prepares an Accountability framework consisting of four pillars that enables the HC to ensure that IPs are delivering



intended programmatic results: the EHF is managed responsibly and according to established guidelines; and ultimately, the EHF is achieving its main objectives.

The pillars are:

- A. Fund-level risk management
- B. Due diligence, capacity assessment and performance review
- C. Monitoring and reporting
- D. Audit and evaluations

95. The Accountability Framework, once endorsed, will define how and when partners will be assessed and selected as EHF 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.

6.1 Fund-level risk management

96. Risks in the context of the EHF 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 consultation with key stakeholders, risk will be identified, analyzed and categorized in terms of severity according to relative likelihood and potential impact on Fund objectives. Mitigation strategies will be 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 EHF remains relevant in the context in which it is operating.
97. To this end, the HFU develops a detailed Risk Management Framework that broadens the definition of risk beyond programmatic and financial risks associated, 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 is developed that allows to classify risks and to highlight the most pressing ones. Based on the heat map, an action plan is 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 full knowledge of the potential consequences. 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.
98. The Risk Management Framework will be a living document that will be regularly updated depending on the changing circumstances. OCHA will update the AB on the implementation progress of the risk treatment actions that have been taken periodically. The AB will advise the HC accordingly on assessment of the critical risks and outstanding action plans.

Table 3: Risk risk analysis and mitigation matrix

Risk category: Strategic & programmatic					
Risk	Likelihood (1. Rare; 2. Unlikely; 3. Possible; 4. Likely; 5. Almost certain)	Consequence/ Impact (1. Insignificant; 2. Minor; 3. Moderate; 4. Major; 5. Catastrophic)	Mitigation strategy	Timeframe	Action Owner/s
Risk (1) Unpredictability and inadequate amount of resources available for the EHF	Likely	Major	Reduce risk Continue to advocate for (a) recognition of full scope of humanitarian needs and (b) quality and	Ongoing	HC, OCHA & Humanitarian Response Donor Group (HRDG)

			<p>real-time information</p> <p>Develop an improved communication strategy</p> <p>Advocate for multi-year commitments</p>		
<p>Risk (2) Government policy changes and impact on EHF resource mobilization</p>	Possible	Major	<p>Accept risk Develop an improved communication strategy/advocate with government</p>	Ongoing	HC (with support from OCHA HoO & Fund Manager)
<p>Risk (3) Government legislation governing international charities</p>	Possible	Moderate	<p>Reduce/Transfer risk Maintain close contact and follow up with IPs</p> <p>Use of HRD text to provide standardized templates</p> <p>Advocacy to GoE to relax work permit restrictions</p> <p>Acceptance of EHF to support additional HR costs</p> <p>Develop an improved communication strategy</p> <p>Implement ongoing training of partners</p> <p>Advocate with partners to find ways to accelerate the MoU signature process (as applicant's internal mechanisms require their own HQ approval process when MoU ready)</p> <p>Applicants to start processes as soon as initial EHF support indicated</p> <p>Work to improve</p>	Ongoing	HC, OCHA & HINGOs

			capacity of emerging NGOs Numbers and amount of current grants and most recent indications of performance to be considered at the time of new submission Advocate for multi-year commitments		
Risk (4) Undermined credibility of the EHF	Possible	Minor	Reduce risk Regulate/manage the relationships	Ongoing	HC & OCHA
Risk category: Governance & management					
Risk	Likelihood (1. Rare; 2. Unlikely; 3. Possible; 4. Likely; 5. Almost certain)	Consequence/ Impact (1. Insignificant; 2. Minor; 3. Moderate; 4. Major; 5. Catastrophic)	Mitigation strategy	Timeframe	Action Owner/s
Risk (5) Under-engagement with Government	Possible	Major	Avoid risk Regulate/ manage the engagement	Ongoing	HC & OCHA
Risk category: Financial					
Risk	Likelihood (1. Rare; 2. Unlikely; 3. Possible; 4. Likely; 5. Almost certain)	Consequence/ Impact (1. Insignificant; 2. Minor; 3. Moderate; 4. Major; 5. Catastrophic)	Mitigation strategy	Timeframe	Action Owner/s
Risk (6) Poor financial management capacity of partners	Possible	Moderate	Reduce risk Through audit feedback, provide capacity building to INGOs	Ongoing	HC, OCHA & HINGOs
Risk (7) Delayed refund of the unspent balance	Rare	Major	Reduce risk Develop and implement real-time tracking	Ongoing	OCHA
Risk (8) Lack of timely availability of real-time financial	Likely	Major	Reduce risk Develop real-time tracking tool	ASAP	OCHA (Country Office & HQ)

information of EHF resources impacting funding decisions					
Risk (9) International events undermining partner viability	Possible	Moderate	Reduce risk Limit the overall (financial and programmatic) exposure of any given organization	ASAP	Advisory Board
Risk (10) Misuse of resources by partners	Possible	Major	Reduce risk Capacity assessments conducted for new partners. Use of partner performance history & results of monitoring & audit in allocation decisions Reporting of instances of misuse or suspected misuse of funds to Advisory Board	Ongoing	OCHA CO

Risk category: Internal

Risk	Likelihood (1. Rare; 2. Unlikely; 3. Possible; 4. Likely; 5. Almost certain)	Consequence/ Impact (1. Insignificant; 2. Minor; 3. Moderate; 4. Major; 5. Catastrophic)	Mitigation strategy	Timeframe	Action Owner/s
Risk (11) EHF expanding scope of engagement with National NGOs risks overwhelming the HFU's capacity	Possible	Moderate	Reduce risk Provide regulated access to national NGOs Enhance EHF unit capacity to support processes Encourage larger applications	Ongoing	HC & OCHA
Risk (12) Ad-hoc demands on HFU staff resulting in diversion of staff time from main	Almost Certain	Moderate	Reduce risk Manage workload through internal processes	Ongoing	OCHA

activities					
Risk category: Coordination & partnership					
Risk	Likelihood (1. Rare; 2. Unlikely; 3. Possible; 4. Likely; 5. Almost certain)	Consequence/ Impact (1. Insignificant; 2. Minor; 3. Moderate; 4. Major; 5. Catastrophic)	Mitigation strategy	Timeframe	Action Owner/s
Risk (13) Uneven performance of clusters	Possible	Moderate	<p>Transfer Risk</p> <p>Training of cluster coordinators as appropriate</p> <p>Enhanced staffing of cluster coordination</p> <p>Advocacy for more commitment from cluster lead agencies</p> <p>Improved training and communication between EHF and cluster coordinators</p>	Ongoing	Clusters & OCHA
Risk Category: Hazard					
Risk (14) Humanitarian access constraints (due to political resistance, security & physical access)	Likely	Major	<p>Reduce Risk</p> <p>Improved communications between implementing partners and local government at time of project design</p> <p>Cluster coordinators engagement with line Ministries to expedite approval of agreements with regional government</p> <p>Advocate with partners to put in place security management plan / costs in the projects</p> <p>Engage with the Access Working group to identify 'no-go' areas</p> <p>Implement 'remote monitoring' of supported projects</p>	Ongoing	HC & OCHA
Risk (15)	Rare	Moderate	Accept Risk	Ad-Hoc	OCHA CO &

Organizational expulsion due to non-compliance of partners with CSO legislation			Engage HQ/ appropriate bodies		HQ
Risk (16) Unforeseen emergencies/ Shifting of humanitarian needs	Possible	Minor	Accept Risk Continue implementing flexible response approach Engage in fund raising	Ad-hoc	HC & OCHA
Risk (17) Loss and/or diversion of EHF assets due to insecurity, conflict, access restriction or poor oversight	Likely	Moderate	Accept Risk Continue monitoring security situation Support security staff in projects Inform the Advisory Board	Ad-hoc	HC, OCHA & IPs

6.2 Due Diligence, capacity assessment and performance review

Due diligence and capacity assessment

99. The due diligence and capacity assessment processes are an essential part of the accountability framework, and a fundamental element of all OCHA-managed pooled funds endorsed by both donors and IPs. 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.
100. To become eligible for EHF funding, prospective partner organizations must first register on the GMS (cbpf.unocha.org) and submit a due diligence application. The application includes (i) an application form, (ii) signed and dated due diligence declarations (iii) a bank statement (or a letter signed by the bank holding an account), and (iv) identification documents (copy of passport or Identity Card) of the legal representative of the organization (v) valid national registration document. OCHA will review the Due Diligence Form and determine the approval of the partner.
101. Following the approval of the due diligence, prospective NGOs will initiate the capacity assessment process by submitting required documents (see checklist, annex 2). The EHF has devised a context-appropriate approach to assess the capacity of each potential NGO partner. Overall risk pertaining to a specific project is determined by the partners' level of risk combined with other contextual and operational factors. This could include the type of funded activity and the location/area in which the project is implemented. Factors specific to Ethiopia, beyond partner risk level, should be part of the risk management framework and determined by the HC in consultation with the AB.
102. The EHF's Capacity Assessment Tool systematically reviews the capacity of prospective NGO partners in terms of their institutional and technical expertise, as well as response capacity and coordination participation. Using a scoring and weighting system, an overall review result will be given to partners/organizations.
103. The HC, in consultation with the AB, decides what the threshold for eligibility should be. Eligible NGOs are categorized according to a specific risk level. The principle is that the higher the risk the more stringent operational modalities will apply. This two-way system encourages improvements in capacity as partners can migrate to lower risk levels through good performance and by addressing

areas which require improvement. The score bands of each risk level (high, medium, low) are determined by the HC in consultation with the AB.

104. The identification of the level of risk presented by the NGO partner determines the operational modalities that apply to the management of the partner's EHF 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. Total amount per partner will be determined during allocation process considering risk level of the partner and indications of performance on ongoing projects.
105. Partners who disqualify and considered ineligible for the EHF processes will be given another opportunity to fill in and submit Capacity Assessment applications to the HFU after six months. See below the Capacity Assessment Workflow.

Capacity Assessment Workflow

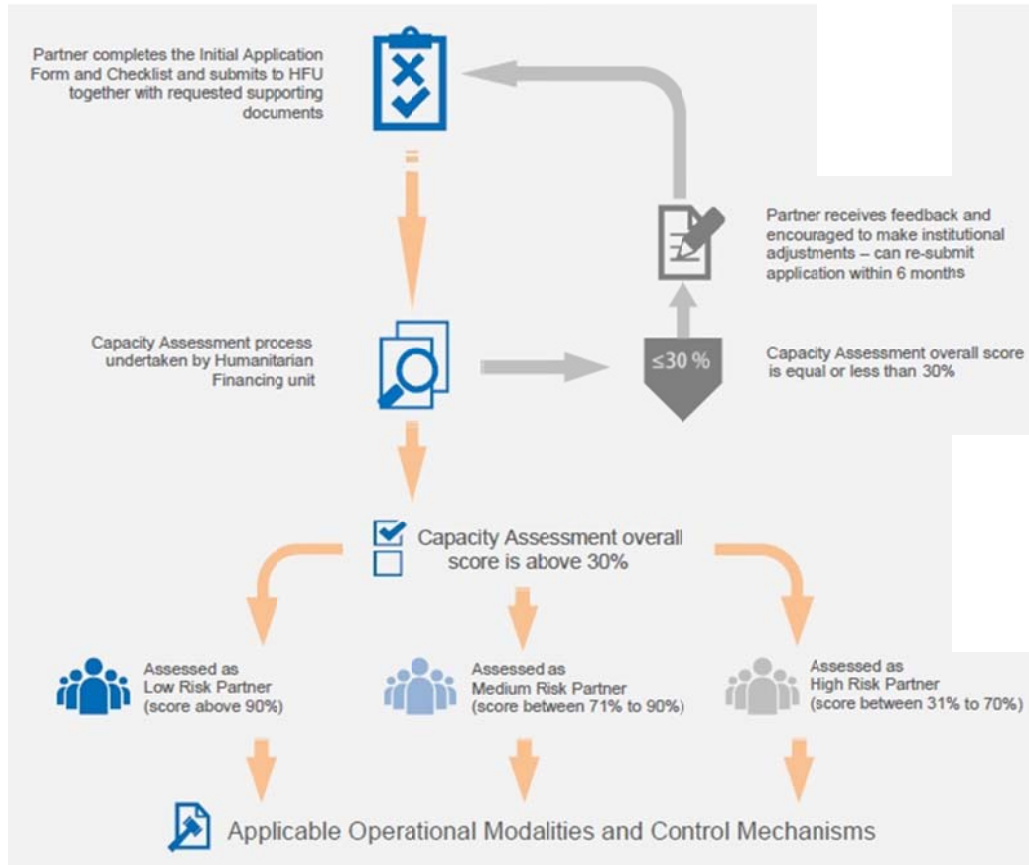


Table 4: Operational Modalities

Risk level	Project duration (months)	Project value (thousand USD)	Maximum amount per project (thousand USD)	Disbursements (in % of total)	Financial reporting			Narrative reporting		Monitoring		Audit
					For disbursements	31 January	Final	Progress	Final	Field visit	Financial spot check	
H	Less than 7	≤ 250		60-40	Yes	Yes	Yes	Yes (1 mid)	Yes	1	1	Projects will be audited by external firm
		> 250	500	50-50	Yes	Yes	Yes	Yes (1 mid)	Yes	1	1	
	Between 7-12	≤ 250		40-40-20	Yes	Yes	Yes	Yes(2)	Yes	1	1	
		> 250	800	40-30-30	Yes	Yes	Yes	Yes (2-3*)	Yes	1-2**	1	
M	Less than 7	≤ 250		100	-	Yes	Yes	Yes (1 mid)	Yes	-	-	
		> 250	700	80-20	Yes	Yes	Yes	Yes(1 mid)	Yes	1	-	
	Between 7-12	≤ 250		80-20	Yes	Yes	Yes	Yes (1 mid)	Yes	0-1**	-	
		> 250	1,200	60-40	Yes	Yes	Yes	Yes(1 mid)	Yes	1	0-1	
L	Less than 7	≤ 400		100	-	Yes	Yes	No	Yes	-	-	
		> 400		80-20	Yes	Yes	Yes	No	Yes	-	-	
	Between 7-12	≤ 400		100	-	Yes	Yes	Yes (1 mid)	Yes	-	-	
		> 400		80-20	Yes	Yes	Yes	Yes (1 mid)	Yes	1	1 partner	

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

Performance review

106. 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 and budgets); 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.
107. 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 assessment, and result in a change of the risk level in the operational modality (Table 4).
108. 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

Performance Index (PI)	Description	Action
4	Outstanding Performance (85-100)	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.
3	Good Performance (65-84)	To be considered favourably during the review process.
2	Satisfactory Performance (40-64)	Allocation possible. HFU to review risk rating and control measures that apply to the partner.
1	Performance needs improvement (20-39)	Allocation possible if accepted by the HC. HFU will decrease the risk rating in order to increase control measures that apply to the partner.
0	Poor Performance (0-19)	No further funding allocation.

109. When a partner with high risk rating scores poor performance (0) in the PI, it will not be considered eligible for funding for the next allocation or for a six month period. To be considered eligible again, it will have to demonstrate improvements in the areas of weakness. The EHF encourages IPs to include a budget item for Monitoring and Reporting.
110. In addition to these dynamic elements, partners that have been assessed but have not implemented EHF projects within three years will undergo a re-assessment prior to being considered for grants.

6.3 Monitoring and Reporting (M&R)

Monitoring

111. EHF IPs are expected to have adequate internal mechanisms for project management, reporting and monitoring. The capacity of each organization will be verified during the capacity assessment, during the project approval process and, finally, during the monitoring and reporting phase. Project performance information is effectively generated through internal mechanisms developed by IPs.
112. The HC will be responsible for ensuring that a representative sample of projects funded by the EHF 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 undertaken.

113. 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.
114. Key components of the EHF 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 EHF has contributed to broader outcomes set forth in the HRD, and reinforce evidence based decision making by HC, EHF AB and cluster coordinators;
 - Ensure that resources are used efficiently and according to what was agreed upon in project documents;
 - Support IPs during their implementation of EHF funded activities;
 - Review and analyse narrative and financial reports collected from IPs;
 - Ensure implementations of actions points from monitoring findings;
 - Collect lessons learned and promote best practices from monitoring and submitted reports;
 - Ensure transparency through EHF Annual Report and periodic updates (e.g. dashboards).
115. Depending on the context and the type of project, the following represent some of the monitoring mechanisms that may be considered for the EHF:

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 EHF 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, at a minimum, 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 set up of the IP 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. Remote monitoring should only be used as a last resort in cases where there are no other options; the principle is to use enough sources of information to allow for meaningful monitoring. 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 EHF funding monitor each other's work so as to share lessons as well as improve response. Peer monitoring is considered 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.

116. 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).
117. UN implemented projects will be monitored. Arrangements will be determined according to the nature of the project and specific agreements outlined by the HC and the AB.
118. Monitoring results will feed into the Performance Index of an IP, impacting the risk level of NGO partners and future funding decisions of UN partners.

Reporting

By the EHF

119. EHF Annual Reports and Periodic Updates: The HC, supported by the HFU and in close consultation with the cluster coordinators, will prepare a narrative Annual Report of the EHF 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 EHF Annual Report will be issued by the end of February each year covering the previous calendar year. In addition, the HFU will generate periodic dashboards to update donor contributions and allocation breakdowns by cluster, location and partner type.
120. Transparency: Annual Reports, periodic dashboards, and related documents on EHF activities in Ethiopia will be posted on the official EHF website <http://www.unocha.org/ethiopia>.

By the IP

121. Narrative and financial reporting requirements for NGOs are determined according to the operational modalities described in Table 4 above.
122. UN agencies will submit an interim financial statement to reflect expenditure incurred for project activities up to 31 December of each year by 15 February 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.
123. 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.
124. Narrative reports and financial statements for UN agencies, IOM and NGOs will be submitted through the GMS.
125. Reporting results, timeliness and quality will feed into the PI of an IP, impacting the risk level of NGO partners and future funding decisions of UN partners.

6.4 Audits and evaluations

126. 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.
127. Audit of UN Organisations / IOM: 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).

128. 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. One or several external auditing companies will be contacted by OCHA to deliver on the audit requirements of NGO partners.
129. The HFU will keep a log of all audit findings to ensure that partners address previous findings on management weaknesses before applying for new EHF funding. The audit performance will feed into the Performance Index of an IP which will impact the risk level of NGO partners.
130. External evaluations: An external evaluation of the EHF 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 Ethiopia, 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 EHF has ensured a needs-driven humanitarian response, as well as how it has performed as a funding mechanism and delivered against key EHF objectives, including strengthening HC leadership, improving cluster coordination and promoting NGO partnership.
131. Donor visits, ad hoc reviews, studies and surveys: Donor visits as well as ad hoc reviews on how the EHF is performing can also be considered beyond the mandatory three year evaluation. Such reviews should be done in close consultation between the HC, the AB and OCHA at country level and HQ. The HFU will also undertake surveys of EHF stakeholders to gauge user satisfaction and to identify areas that need improvement.

6.5 Accountability to affected populations (AAP)

132. All EHF 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)². 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.
133. At the project proposal stage, IPs are asked to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. EHF 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.

6.6 Non-compliance measures

134. 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:
 - I. Overdue financial or narrative reports.
 - II. Non refund of unspent funds.
 - III. Critical (high risk) audit findings/qualified audit opinion (especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents).
 - IV. Critical findings from monitoring and financial spot checks.
 - V. Violation of humanitarian principles and code of conduct³.
 - VI. Indication of possible fraud, corruption or misuse of funds.

² <http://interagencystandingcommittee.org/node/2812>

³ GA Res 46/182 and <https://cdu.unlb.org/UNStandardsofConduct/CodeofConduct.aspx>

7. Additional Information

135. EHF contact: all correspondences regarding Fund should be addressed to ehf-eth@un.org.
136. Feedback and complaints mechanism: The following email address, feedback-ehf@un.org, is available to receive feedback from stakeholders regarding the EHF allocation process and any allegations of misuse of funds. OCHA HoO addresses and (if necessary) raises the issues to the HC, who will then take a decision on necessary action. Such emails can be anonymously submitted in local language.
137. Relevant OCHA policies and guidelines on CPBFs can be found at <http://www.unocha.org/what-we-do/humanitarian-financing/country-based-pooled-funds>.

8. List of Annexes

Annex 1: Guidance on the Project Budget Preparation Process

Annex 2: Capacity assessment check list

Annex 1: Guidance on the Project Budget Preparation Process

1. The objective of this section is to provide partners, OCHA Country Offices, HFUs and OCHA headquarters with a common framework to facilitate the appropriate preparation, review and clearance of project budgets. In particular, this guidance focuses on defining eligible and ineligible costs, direct and indirect costs (e.g. Programme Support Costs – PSC), shared costs, budget categories and the adequate break-down of budget lines.
2. This guidance applies to UN agencies, IOM and NGOs.

Rationale and Basic Principles of the Project Budget

3. A clear segregation of duties underpins the preparation, review and clearance of the project budget. This is critical to preserve the country-driven nature of CBPFs and necessary to ensure central and internal controls to reduce the risk of approving erroneous or inappropriate project budgets (e.g. miscalculations, inconsistency, and lack of transparency or admission of ineligible costs). In this regard, fund managers in the field, certifying finance officers at headquarters, and IPs have specific roles and responsibilities, as follows:
4. Fund managers are responsible to ensure that:
 - I. The principles of economy, efficiency, effectiveness, transparency and accountability are adhered to in the sense that the project budget inputs are commensurate with the planned activities and the expected outputs, more specifically, that the project budget is a correct, fair and reasonable reflection of the project proposal/logical framework
 - II. The cost estimates are reasonable in the specific country context so that funding will be used in the most efficient way.
5. The role of certifying finance officers in headquarters is to:
 - I. Verify the budget's factual correctness, checking coherence with the project proposal and logical framework.
 - II. Flag concerns and seek clarification from fund managers on issues that may compromise compliance with UN rules and affect financial transparency and accountability.
6. The role of IPs in the budgeting process is to:
 - I. Provide a correct and fair budget breakdown of the planned costs that are necessary to implement the activities and achieve the objectives of the project.
 - II. Use and comply with the budget template on GMS and guidance provided by OCHA for the classification and itemization of planned costs.
 - III. Provide a budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of any budget line. For example, shared costs, large/expensive assets, and costs/equipment required to support the regular operation of the IP, are clear cases where the provision of details will be necessary in the budget narrative.

Eligible and Ineligible costs

- Eligible costs

7. The following attributes define the nature of eligible costs:
 - Must be necessary and reasonable for the delivery of the objectives of the project.
 - Must comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency and accountability.
 - Must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.
8. These may include:
 - I. Costs of staff (including salaries, social security contributions, medical insurance, and hazard pay for high-risk locations) involved in the management and implementation of the project. Salaries and costs may not exceed the costs normally borne by the IP in other projects.
 - II. Costs for consultancies involved in the implementation of the project.

- III. Support staff costs at country level directly related to the project may be included.
- IV. Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel that may also be eligible, provided the costs do not exceed those normally borne by the IP.
- V. A contribution to the IP's Country Office costs, as shared costs charged on the basis of well explained calculation and a reasonable allocation system. Shared costs must be itemized.
- VI. The financial support to beneficiaries, including cash and voucher based distribution.
- VII. Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage and distribution costs.
- VIII. Costs related to non-expendable items (assets) such as equipment, information and technology (IT) equipment for registration and suchlike field activities, medical equipment, water pumps and generators, etc.
- IX. Expenditure incurred by the IP related to the award of contracts required for the implementation of the project, such as expenses for the tendering process.
- X. Costs incurred by sub-IPs, directly attributable to the implementation of the project.
- XI. Other costs deriving directly from the requirements of the grant agreement such as monitoring, reporting, evaluation, dissemination of information, translation, insurance etc., including financial service costs (in particular bank fees for transfers).

- Ineligible costs

9. The following costs are ineligible:

- I. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
- II. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
- III. Debts and provisions for possible future losses or debts.
- IV. Interest owed by the IP to any third party.
- V. Items already financed from other sources.
- VI. Purchases of land or buildings.
- VII. Currency exchange losses.
- VIII. Sessions and rebates by the IP, contractors or staff of the IP of part of declared costs for the project.
- IX. Government staff salaries.
- X. Hospitality expenses, provision of food/refreshments for project staff (not including water and hospitality for trainings, events and meeting directly related to project implementation).
- XI. Incentives, mark-ups, gifts to staff.
- XII. Fringe benefits such as cars provided by the organization to staff, individual full housing allowance and the like.
- XIII. Fines and penalties.
- XIV. Duties, charges, taxes (including VAT) recoverable by the IP.
- XV. Global evaluation of programmes.
- XVI. Audit fees/system audit fees – these costs are paid directly by the fund⁴.

- Other Types of costs

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

- I. Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives.
- II. Visibility material of the IP directly related to projects funded by CBPFs.
- III. International travel costs when directly linked to the delivery of the project objectives. When international travel costs are requested to support additional activities outside those of the project, such costs can only be considered if they are well justified and in the proportion attributable to the project.
- IV. Vehicles.

⁴ Those costs are charged as a direct cost for the management of the fund.

- V. Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior CBPF funding.
- VI. Equipment for the regular operations of the IP.
- VII. Recurrent costs for the IP's current operations.

Direct and Indirect Costs

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

Direct Costs

12. Direct costs have to be clearly linked to the project activities described in the project proposal and the logical framework. They are defined as actual costs directly related to the implementation of the project to cover the costs of goods and services delivered to beneficiaries, and the costs related to the support activities (even partial, such as a security guard or a logistician partially working for the project), required for the delivery of services and the achievement of the project objectives.
13. Direct costs include:
- I. Staff and related personnel costs, including consultants and other personnel.
 - II. Supplies, commodities, materials.
 - III. Equipment.
 - IV. Contractual services.
 - V. Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project.
 - VI. Transfers and grants to counterparts.
 - VII. General operating and other direct costs including security expenses, office stationary, and utilities such as telecommunications, internet, office rental and other direct costs, including expenses for monitoring, evaluation and reporting, related to the implementation of the project.

Indirect Costs

14. Indirect costs are referred to as Programme Support Costs (PSC). PSC are all costs that are incurred by the IP regardless of the scope and level of its activities and which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include corporate costs (i.e. headquarters and statutory bodies, legal services, general procurement and recruitment etc.) not related to service provision to a particular project. PSC is charged as a maximum seven per cent of the approved direct expenditures incurred by the IP.
15. Programme Support Costs of sub-IPs associated to the implementation of a specific project should be covered by the overall maximum 7 per cent of the actual project expenditures.
16. Indirect costs do not have to be itemized in the project budget.

Shared Costs

17. Sharing costs between different donors and projects under a country programme of an IP is an acceptable practice for CBPFs. The IP may share certain Country Office costs to different uses and projects, for example staff, office rent, utilities and rented vehicles.
18. The following guidance shall be observed when including shared costs in the project budget:
- I. All shared costs must be directly linked to the project implementation.
 - II. All shared costs shall be itemized in the budget, following standard accounting practice and based on a well-justified, reasonable and fair allocation system, to be clearly explained in the budget narrative of the project and to be assessed and approved by the OCHA/HFU in the OCHA Country Office.
 - III. The IP should at any time be able to demonstrate how the costs were derived and explain in the project proposal/logical framework how the calculation has been made (e.g. pro-rata, averages).
 - IV. For staff-related costs, if a position is cost-shared, the percentage of the monthly cost

corresponding to the time that the person will dedicate to the project shall be budgeted⁵. It is not acceptable to have portions of a unit for staff costs, only percentages are acceptable.

- V. Non-staff shared costs should be shared on the basis of an equitable cost allocation system⁶. Accordingly, the percentages in the budget are to be assessed and approved by the OCHA/HFU in the OCHA Country Office.

Guidance on the Itemization of Budget Lines

19. Each budget line requires the cost breakdown, as follows:
 - I. The qualification of "unit" should be indicated in the description, eg. Kg, tonnes, boxes, people etc.
 - II. Itemize each national and international staff, consultants and other personnel by function and provide unit quantity and unit cost by monthly or daily rates for each staff position⁷.
 - III. Provide unit or quantity (e.g., 10 kits, 1000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should be used to account properly for specifying the applicable unit of reference (length, volume, weight, area, etc.).
 - IV. Provide details for training related budget lines
 - V. Provide technical specifications for items whose unit cost is greater than US\$4,000.
 - VI. Provide technical specifications for those items whose unit costs can greatly vary based on those same specifications (e.g., for generators, a reference to the possible range of power would be sufficient to properly evaluate the accuracy of the estimated cost).
 - VII. Provide details in the budget narrative for contract so that the object of the contract results clearly identified.
 - VIII. Itemize general operating costs (e.g. office rent, telecommunications, internet, utilities) for project implementation providing quantity and unit cost. A lump sum for operating costs is not acceptable.
 - IX. Shared costs should preferably be charged for the entire duration of the project. When this is not the case the rationale of the apportionment must be explained into the budget narrative
 - X. Estimates can be accepted in travel, as long as the calculation modality of the estimate is described reasonably in the budget narrative (e.g., providing estimates on the number of trips and average duration in days, daily subsistence allowance (DSA) rates, etc.).
 - XI. National travel: estimate number of trips and cost per trip.
 - XII. International travel: estimate number of trips and cost per trip.
 - XIII. Provide the list⁸ of items and cost per units for kits whose individual value is equal to or less than US\$4,000.
 - XIV. Provide list of items and estimated cost per item for kits whose individual value is equal or less than US\$ 4,000.
 - XV. Provide the list of items and cost per unit for globally standardized kits (this does not include standard kits agreed upon in each country) like Post-exposure Prophylaxis (PEP) kits, Interagency Emergency Health Kit (IEHK2011), etc.
 - XVI. In the case of construction works above US\$ 4,000, only the labor costs and known essential materials shall be budgeted and itemized, providing unit/quantity and unit cost. The budget narrative should explain how construction costs have been estimated on the basis of a standard prototype of building (latrine, health post, shelter), type of materials (wood, prefabricated, brick/cement/concrete) and formula or rationale used to estimate construction costs (e.g. per square foot or meter, previous experiences, etc.).

⁵ Cost-shared staff positions whose existence is intended to last the entire duration of the project should be charged for the entire period and charged in percentage against the project (half of the cost of a guard, in a 12 months project, should be budgeted at 50% of the monthly salary for 12 months). Durations shorter than the project are acceptable only if the position is not intended to last for the entire duration of the project. When recording expenditures the partner will retain the possibility to do it, within the budgeted amount, according the modalities that better suits its preferences (charging 100% of the guard for 6 months).

⁶ This should be calculated as a percentage against the overall amount of the shared cost and charged in percentage to the project. It is preferable to charge shared costs for the entire duration of the project. When recording expenditures the partner will retain the possibility to do it, within the budgeted amount, according the modalities that better suits its requirements (e.g.: to cover half of the rent of an office in a 12 months project, the partner should budget the rent for 50% of the monthly cost for 12 months period. Then the partner retains the possibility to pay the full rent of the office for 6 months with the allocated budget).

⁷ Staff positions must be charged per unit. When staff costs are only partially charged to the given budget this must be reflected in the percentage (50% of a staff, and not half of a staff at 100%).

⁸ The list should be provided as an annex to the budget.

Annex 2: Capacity Assessment Application Checklist for NGOs

Ethiopia Humanitarian Fund (EHF)

Capacity Assessment Application Checklist for NGOs



In order to become eligible to apply for funding from the EHF, interested NGOs have to participate in a Capacity Assessment process whose main aim is to ensure that the Fund has the necessary information about the capacities of the non-governmental partners that can access funding.

The Application Checklist is part of the NGOs submission for the capacity assessment. An assessment of an NGOs' capacity will start upon receipt of the completed Checklist below together with as many of the documents available in electronic form.

Please read the instructions and all documents carefully to avoid delays.

List of Documents to Submit (submit to ehf-eth@un.org) – TICK BOX FOR DOCUMENTS SUBMITTED

Organization Name in English	
Organization Acronym in English	
Name of the person submitting the documents	
Date of submission of the Documents (DD/MMM/YYYY)	

Organizational Information:

- Governance Documents (i.e. constitution, mandate, trust deed, Board of Trustees and/or Board of Directors with full list of members)
- Registration Certificate(s) or documents (from the national government authorities and registration documents in home country for international NGOs).
- An email by the concerned Sector/Cluster Coordinator, confirming membership of the organization in the Cluster and stating the number of 3/4W submissions by the organization to the Cluster (out of the last 12 months).
- Copy of Passport or Identity Card of organization's Director (1st page only) (person ultimately legally responsible within organisation – i.e. Secretary General or Executive Director for international NGOs),
- CV/Resume and contact details of person responsible for the operations in the country (Country Director, Regional Director, etc.)
- Organization's organigram
- Code of Conduct (copy signed by appropriate organisation official)

Policies/Manuals:

- Procurement & Logistics
- Human Resources
- Program Planning
- Finance & Administration

- Monitoring & Evaluation
- Security, Safety & Access
- Gender, HIV/AIDS and/or Environment
- Child Protection

Reports and other relevant documents:

- Annual country reports for the last 1-2 years, if available
- Annual financial statements for the last 1- 2 financial years
- Annual work plans and budgets for the last 1-2 years if available
- Copy of completed internal monitoring or review report within the last 1-2 years
- Reports from a) external audits of financial statements for the last 1-2 financial years, and b) external audits of projects completed in the last 12 months if applicable and available
- Reports from external and internal evaluations, reviews and studies undertaken in the last 1-2 years by the organization in the country
- References and/or Letters of Recommendations (i.e. donors, partners, government, etc).
- List finished and ongoing projects with funding amounts per project in the last 1-2 years
- List of donors in the last 1-2 years with corresponding record of supported projects, budget, implementation period and geographic location.
- List and Contact Details of IPs if the NGO works through them (last 1-2 years)
- Copy of Capacity Assessment tool if one is used for IPs
- Sample report on a recently concluded needs assessment or situation update
- Sample financial report during the last six month comparing budget against expenditure
- Samples emails or documents demonstrating the use of the organization's feedback and complaint system

Note – Questions and/or comments regarding this form and the capacity assessment process can be addressed to the OCHA Humanitarian Financing Unit (HFU) at ehf-eth@un.org.