



Partners Eligibility and Capacity Assessment Guidance

NGOs interested in applying for funding under the Nigeria Humanitarian Fund (NHF) have to participate in an eligibility process. The main objective is to ensure that the OCHA Humanitarian Financing Unit (HFU) is equipped with the necessary information about the capacities of NGO partners that could have access to funding as prescribed by the NHF accountability framework.

Why Assess Partners?

There are two main reasons for assessing partners:

- **Performance Management:** to review the strengths and weaknesses of an organization's internal management systems. The assessment will include areas that may need to be strengthened. This information will then be fed into the overall NHF performance index.
- **Risk Management:** to consider all the information in order to weigh the final risks and potential benefits and make a decision about the most appropriate assurance methods to be applied to the partnership.

The Assessment Process

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

Step 1: Registration

Prospective partners initiate the process to become a partner and request access to Grant Management System (GMS) by contacting the HFU and submitting a copy of registration certificate (preferably in English) that indicate the full name of the partner. The registration certificate is required, and is submitted prior to granting access to the GMS to avoid a possible naming discrepancy in GMS that will create delays in generating and preparing the grant agreement and the disbursement process.

Step 2: Due diligence

Once the registration process is concluded, the partner is granted access to the GMS (gms.unocha.org) and the Due Diligence (DD) process begins. A thorough review of DD applications and documents is performed to ensure that partners meet the minimum requirements listed below and is a key initial step to safeguard the accountability of the Fund.

Once access to the GMS is granted, the partner must complete the due diligence requirements and forms in the GMS. DD documents include:

(i) Application form: duly completed, including contact details and brief information on the organisation's sectors of operations, geographical areas of work and funding levels.

(ii) Due Diligence declarations (signed, stamped and dated)

- Declaration of any Previous or Pending Legal Processes or Investigations; in case of previous or pending legal processes, please provide detailed explanation and relevant supporting documentation
- Declaration of Non-Support for a United Nations Designated Entity
- Declaration of Recognition and Support of/for any United Nations Compliance Activity (ies)
- Declaration of Conflict of Interest
- Declaration of Accurate Information

(iii) Registration certificate in the country of operation. If the organization cannot register in the country of operation, the HC may choose to accept a registration certificate from another UN Member State (similar certificate submitted for registration in the step 1 above).

(iv) Bank account information: to be completed on GMS.

(v) Bank statement, if the account name is different from the partner name in the registration, a letter by the organization (on official letterhead, signed and stamped by its authorized signatory) is necessary, certifying that the bank account as per bank statement belongs to the organization under the name registered in the GMS.

(vi) Identification documents (copy of passport or Identity Card) and curriculum vitae (CV) of the legal representative in country of the organization.

Once the DD process has been finalized and the partner has been successfully approved, the organization will undergo a Capacity Assessment (step 3) to determine their eligibility for funding and risk rating.

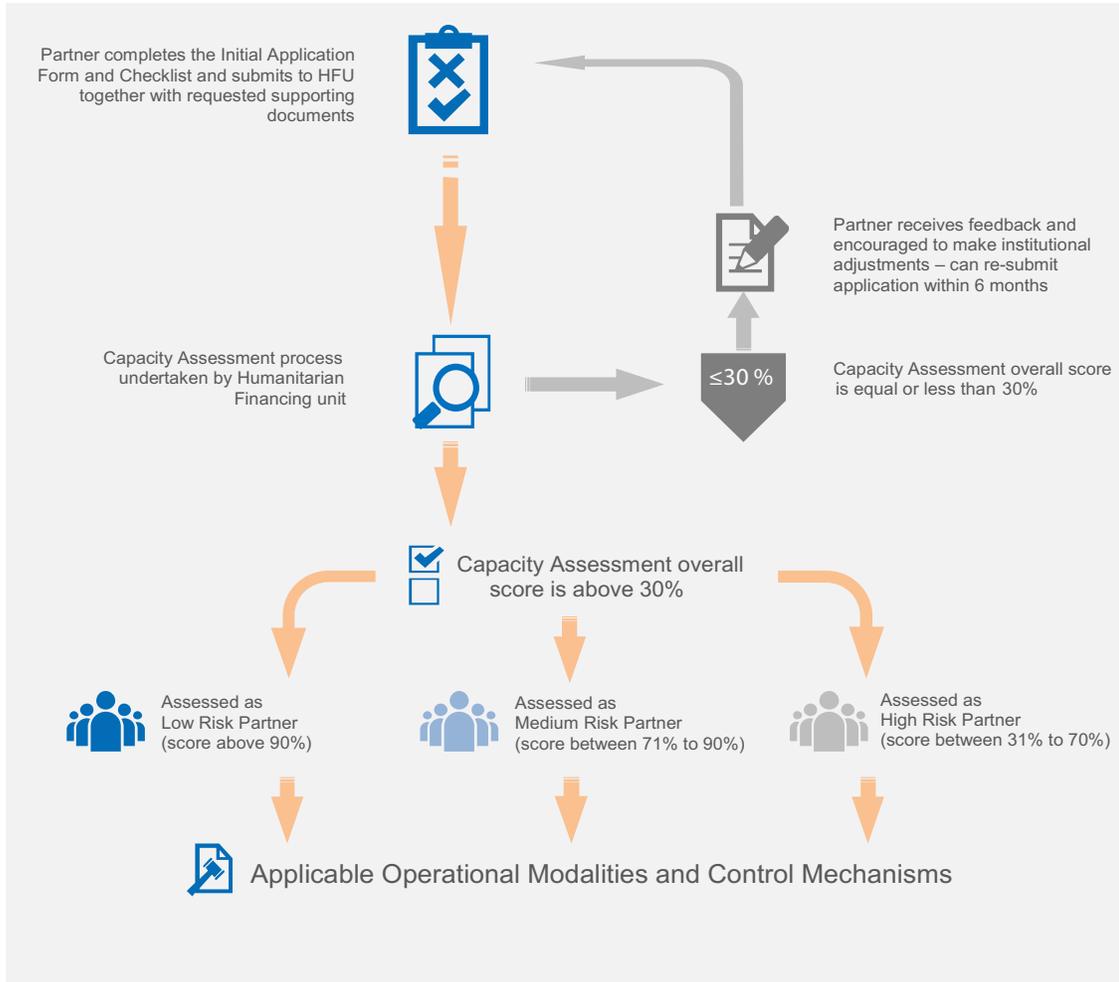
Step 3: Capacity assessment

In order to be eligible for funding, NGOs must undergo a capacity assessment to determine their eligibility and risk rating. As one of the major pillars of OCHA NHF accountability framework, the objective of the capacity assessment is to systematically review the institutional, technical, management and financial capacities of the partner, and to ensure that the Fund has the necessary information to make an informed decision about eligibility and initial risk rating.

In conducting the capacity assessment process, partners are required to submit the documents listed in the NHF Internal Capacity Assessment Checklist (also attached) by delivering the soft copy to the NHF Maiduguri office. The assessment and scoring will be done in the GMS using the CBPF Internal Capacity Assessment (ICA) tool. The ICA questionnaire is used to capture key elements of the partner's capacity in the following categories:

| | ICA Categories | Weight | Note |
|---|---------------------------------------|------------|---|
| A | Due Diligence | YES/NO | If an organization does not have approved NHF Due Diligence the rest of the questionnaire will be excluded. |
| B | Governance and Institutional Capacity | 25 | |
| C | Programmatic Response Capacity | 30 | |
| D | Coordination and Partnership Capacity | 15 | |
| E | Financial Capacity | 30 | If the organization has been HACT assessed, category E of ICA will use HACT results as follows: High = 0; Significant = 10; Medium = 20; Low = 30 |
| | Total Weight | 100 | |

In harmonizing the ICA with other assessments, the ICA takes into account and encompasses existing assessments such as Harmonized Approach to Cash Transfers (HACT) conducted by other UN Agencies.



Step 4: Risk Rating

Based on the score obtained during the capacity assessment, eligible partners will be categorized in three risk-level categories (low, medium and high). The HC, in consultation with the AB, sets the threshold for eligibility as well as score bands of each risk level. The score, and resulting risk level will determine the operational modalities and control mechanisms that are applicable the partner. These include disbursement modalities, frequency of narrative and financial reporting, and planning for monitoring visits and spot checks, in accordance with the various risk levels, as well as with the duration and budget of the project.

Partner capacity assessments reflect the capacity of a partner at one particular point in time. As a partner implements projects, OCHA NHF will review and score the partner on its implementation and the performance of partners will be used alongside the original capacity assessment to determine and adjust the risk level. For example, if a partner is strong in the implementation of its projects, it’s performance rating will be high, and this could lead to the partner moving from a medium to low risk rating. This is described in step 5 below.

Throughout the application for eligibility, the NHF will provide feedback to the organization as to whether their application will proceed to the next step of the process or not.

Partners who do not qualify and are considered ineligible would be given another opportunity to submit required documents for a Capacity Assessment to the NHF after 6 months, provided that they can demonstrate that the elements that caused the rejection have been addressed.

The timeline for the Capacity Assessment is approximately a week.

Below is a draft overview of a Capacity Assessment Scoring with threshold and risk levels. Please note that the thresholds will be further decided by the HC and AB.

| <u>Organization Score (in percentage)</u> | <u>Recommendation</u> |
|--|--|
| <u>91 - 100</u> | <u>Organisation is eligible as a Low Risk partner.</u> |
| <u>71 - 90</u> | <u>Organisation is eligible as a Medium Risk partner.</u> |
| <u>31 - 70</u> | <u>Organisation is eligible as a High Risk partner.</u> |
| <u>0 – 30</u> | <u>Organization is not eligible. A new submission for capacity assessment can be considered by the NHF six (6) months after this review date.</u> |

Step 5: Performance Index

As eligible partners implement the NHF supported projects, their risk level will be adjusted by their Performance Index (PI) score. This PI tool is a key part of the accountability framework, and will allow OCHA to have an up to date rating of partner performance.

The rating of the performance of partners in the implementation of projects will be used alongside the original capacity assessment to determine and adjust as necessary partner risk levels. For example, if a partner is strong in the implementation of its projects, it's performance rating will be high, and this could lead to the partner moving from a medium to low risk rating.

During project implementation, the following categories of partner performance are tracked and scored: i) quality and timeliness of submissions of project documents (proposals, budget and concept notes); ii) quality and timeliness of implementation against approved targets; iii) quality and timeliness of reporting; iv) frequency, timeliness and justification of project revision requests; v) quality of financial management; vi) audit findings. The detailed scoring breakdown is below.

The PI score is captured in GMS and is used along with the original capacity assessment score to determine the performance score and risk level.

In order to reward sound project implementation, the score from PI will progressively be given more weight and the capacity assessment score will become less significant as partners implement more projects.

Additionally, as partners continue receiving grant from the NHF, the partners' scores on the most recent projects will be considered the most important and given the most weight in calculating the overall risk rating score.

Assessment: the scoring and the weighting are standardized across funds and the GMS will make the calculations automatically.

The overall risk rating score will therefore be updated each time the NHF completes the scoring of a partner's project and will be reflected in the GMS.

For each project, the PI different components are assessed and the overall score is calculated as follows:

| PI Component | Weight |
|---|---------------|
| Project submission: quality and timeliness of submitted project document | 10 |
| Monitoring finding: quality and timeliness of implementation against approved targets and time-frame | 25 |
| Narrative reporting compliance: quality and timeliness of narrative reporting | 15 |
| Revision: frequency, timeliness and justification of project revision request/s | 10 |
| Financial performance: expenditure rate and reporting | 20 |
| Audit findings | 20 |
| Total | 100 |

Even if partners undertake the PI, eligible partners that have not implemented NHF funded projects for more than three consecutive years will be required to undergo a new capacity assessment.

If a partner performs poorly consistently and its risk rating score moves from high risk to the threshold of ineligibility it will be rendered ineligible on the basis of poor performance. Ineligible partners can re-apply for capacity assessment one year after being rendered ineligible, provided that they can demonstrate that the elements that caused the poor performance have been addressed.