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Syria Cross-Border Humanitarian Fund Operational Manual

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SCHF Syria Cross-border
Humanitarian
Fund

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Acronyms

AAP	Accountability to Affected Populations	ICA	Internal Capacity Assessment
AB	Advisory Board	ICCG	Inter-Cluster Coordination Group
AF	Accountability Framework	INGO	International Non-Governmental Organization
BI	Business Intelligence	LTA	Long Term Agreement
CA	Capacity Assessment	M&E	Monitoring and Evaluation
CBPF	Country Based Pooled Fund	M&R	Monitoring and Reporting
CERF	Central Emergency Response Fund	MOU	Memorandum of Understanding
CO	Country Office	NCE	No-Cost Extension
DD	Due Diligence	NGO	Non-Governmental Organization
DRHC	Deputy Regional Humanitarian Coordinator for the Syria crisis	NNGO	National Non-Governmental Organization
EO	Executive Officer	OCHA	Office for the Coordination of Humanitarian Affairs
CBPFS	Country Based Pooled Funds (CBPF) Section	OM	Operational Manual
FTS	Financial Tracking System	PFWG	Pooled Fund Working Group
GA	Grant Agreement	PSC	Programme Support Cost
GAA	Grant Agreement Amendment	RA	Reserve Allocation
GMS	Grant Management System	RHC	Regional Humanitarian Coordinator for the Syria crisis
HACT	Harmonized Approach to Capacity Assessment	SA	Standard Allocation
HFU	Humanitarian Financing Unit	SCHF	Syria Cross-Border Humanitarian Fund
HLG	Humanitarian Liaison Group	SRC	Strategic Review Committee
HoO	Head of Office	TOR	Terms of Reference
HPC	Humanitarian Programme Cycle	TRC	Technical Review Committee
HQ	Headquarters		
HRP	Humanitarian Response Plan		
IASC	Inter-Agency Standing Committee		

1. Introduction

1. As the conflict entered its tenth year, Syria remains one of the most complex and dynamic humanitarian crises in the world which has relied significantly over the years on humanitarian financing to respond to the most critical needs that have evolved but remained unabated over the years.
2. In early 2014, to respond to the scale of the Syria crisis, the United Nations Security Council issued a resolution (SG/R/2139) that recommended the establishment of a separate multi-donor Country-Based Pooled Fund (CBPF) based in Gaziantep, Turkey. The SCHF was established to:
 - 1) ensure coordinated, timely, strategic, and flexible funding to humanitarian organizations working to address the most critical needs of millions of people affected by the humanitarian crisis in Syria through the cross-border modality and;
 - 2) due to its specific positioning, enable best placed humanitarian partners, particularly Syrian Non-Governmental Organizations (NNGOs), to deliver assistance in Syria across borders in a coordinated manner.
3. Funding is available to a wide range of humanitarian actors operating in the framework of the Syria Humanitarian Response Plan (Syria HRP). Funding decisions are made in-country in consultation with the humanitarian community, ensuring collective ownership of the emergency response and prioritization by those closest to people in need. The SCHF is managed locally by the United Nations Office for the Coordination (OCHA) under the overall leadership of the Regional Humanitarian Coordinator (RHC) for the Syria crisis with delegation of the responsibility for signing off on allocations and the Fund's overall management to the Deputy Regional Humanitarian Coordinator (DRHC).
4. The Operational Manual for the Syria Cross-border Humanitarian Fund (SCHF) is issued by the Deputy Regional Humanitarian Coordinator (DRHC) and endorsed by the Advisory Board (AB) to set the general direction and programmatic focus of the Syria Cross-border Humanitarian Fund (hereafter "SCHF" or "the Fund"). The DRHC 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.
5. This revision takes into account the learnings from the last few years of activities of the SCHF and collaboration with its partners and takes into account its significant growth as a funding mechanism.

Initially called Humanitarian Pooled Fund (HPF), the Fund's name has progressively evolved to become Turkey Humanitarian Fund (THF) until August 2019 when the fund's name was changed to Syria Cross-border Humanitarian Fund (SCHF) to better capture the mandate of the Fund.

1.1 Purpose of the Manual

6. The purpose of the SCHF Operational Manual (OM) is to describe the governance arrangements, allocation modalities and accountability mechanisms of the Fund. The OM also details the roles and responsibilities of the stakeholders involved. This OM is to provide guidance to partners, facilitate the role of OCHA and support the contribution of all stakeholders by:
 - 1) Providing clarification and instructions for all stakeholders involved in the management of the SCHF on effective management and governance practices;
 - 2) Describing the steps and requirements of the allocation processes with the aim of enhancing timely and strategic allocation decisions;
 - 3) Providing an overview of the general direction and programmatic focus of the SCHF.

1.2 Scope of the Manual

7. The present document defines the country-specific regulations that govern the SCHF. 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 Funds worldwide and adapt specific aspects of the global regulations to the context of humanitarian response. Adherence to the guidance provided in the two documents is mandatory to ensure standard and transparent processes. A set of specific annexes detailing specific points of this manual complements the manual.
8. The new modalities and revisions presented in this manual will come into effect in 2021 and will apply to all the projects funded in 2021 onwards until a new revision of this manual be adopted.

2. Objectives of the SCHF

8. The three main objectives of the SCHF are:
 - 1) To improve humanitarian response by increasing the extent to which funding is allocated to priority humanitarian needs by focusing on most urgent needs and based on the Fund's best comparative advantage and through an inclusive and coordinated process at the field level;
 - 2) To contribute to the delivery of the humanitarian response identified under the Syria Humanitarian Response Plan (HRP) and supporting cluster strategies while retaining the flexibility to allocation funds to unforeseen events or special requirements;
 - 3) To strengthen the leadership of the RHC and DRHC as well as the humanitarian coordination mechanism by driving funding to needs-based priority sectors and geographic areas and improve the relevance and coherence of the humanitarian response.
9. The SCHF aims to address humanitarian needs through an inclusive and coordinated approach by working with a variety of partners in a complex operational environment. In doing so, and taking into account its operational context, the SCHF aims in particular to maintain and strengthen partnerships with Syrian NGOs (national and international) and foster cooperation and coordination within and between Clusters and humanitarian organizations.
10. In carrying out its activities, the SCHF will continue consolidating its role as an efficient funding instrument addressing the critical humanitarian needs of the Syrian people through the cross-border modality and remain a major tool for supporting a coordinated response.
11. The programmatic priorities of the Fund are the following:
 - **Respond to critical gaps in areas covered by the cross-border operation, as identified by the DRHC, HLG and ICCG.** In support of this, the SCHF will use standard allocations to support projects which address critical gaps in cluster strategies, and which expand coverage in underserved areas and areas with highest needs and multiple vulnerabilities. Complementarity and integration will also be carefully considered;
 - **Respond to unforeseen emergencies**, as identified by the DRHC and Humanitarian Liaison Group (HLG). In support of this, the SCHF will use reserve allocations to fast-track support for projects which address emerging priorities;
 - **Promote and expand evidenced and needs-based programming assistance**, in support of this, all allocation decisions will be based on robust decision-making process and as required cluster defenses or similar alternative mechanism allowing a review of the sectoral strategies to ensure projects meet strategic and technical criteria;

¹ https://www.unocha.org/sites/unocha/files/Operational_Handbook_for_OCHA_CBPFs_Version1.2.pdf

- **Support the improvement of the quality of the humanitarian response**, including but not limited to accountability to affected populations (AAP), Prevention of Sexual Exploitation and Abuse (PSEA) and gender-sensitive and protection-oriented programmatic response through projects supported by the Fund;
 - **Promote and strengthen accountability and risk management**, through the update of its risk management framework and its accountability framework in line with the Operational Manual and the global CBPF Handbook and in coordination with other initiatives in this field;
 - **Enhance the complementarity** among humanitarian financing mechanisms by fostering strategic partnerships;
 - **Strengthen the capacity of front-line partners** in line with commitments made in the Grand Bargain and the Fund’s objective. Building on the achievements since the Fund’s inception, the Humanitarian Financing Unit will assist national partners during all stages of the allocation process through monthly clinics, training and mentoring and through strategic partnerships;
12. Further, the SCHF 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.
13. Allocation Strategy Papers will outline priority interventions to be funded through both, the Standard and the Reserve allocation windows of the SCHF.
14. Interventions supported by the SCHF are to be in line with basic humanitarian principles of humanity, neutrality, impartiality, and independence;
15. The SCHF will promote the outcome of the World Humanitarian Summit and the Grand Bargain commitments (2016), within the remit of its main objective. This pertains to the objective of funding 15 per cent of the HRP. In complement, an annual funding target may be agreed by the Advisory Board. Funding channeled through the SCHF will follow the principle of unearmarked humanitarian funding and contribute to promote the Grand Bargain commitments agreed upon in 2016;

3. Governance and management

3.1 Global Governance

16. UN Emergency Relief Coordinator

The Emergency Relief Coordinator (ERC) holds authority over and is accountable for all CBPFs. The ERC monitors the performance of each fund through OCHA Headquarters/Country-Based Pooled Funds Section (CBPFS) at OCHA Headquarters (HQ) and makes decisions on their establishment, re-organization, and closure.

17. Executive Officer

The Executive Officer is responsible for directing and overseeing the provision of OCHA administrative services including budget and finance, supply management and travel and human resources to both headquarters and the field.

18. OCHA Headquarters

OCHA Donor Relations Section (DRS) in Geneva signs agreements with contributing donors to the SCHF and ensures timely transfer of contributions to CBPFS to disburse funds. OCHA CBPFS provides substantive support to OCHA Country Offices in managing pooled funds, ensuring harmonization and standardization of practices and procedures. CBPFS has dedicated units that cover different responsibilities and work in concert to ensure that OCHA delivers on its core function of humanitarian financing. The Country Based Pooled Fund (CBPF) Section at OCHA HQ has the following functions:

- Carry out and support active resource mobilization;
- Receive, administer, and manage contributions from donors;
- Disburse funds to partners in accordance with the decisions of the DRHC and verify the refunds transferred by the partners' as this is an action that they can only do like disbursement transfers;
- Provide periodic financial reports on the SCHF to the DRHC, contributing donors and the AB;
- Provide the DRHC, AB and the Fund with funding updates of donor commitments and disbursements transferred to partners, as well as other financial information related to the SCHF;
- Provide policy guidance to ensure the Fund is in line with OCHA's global guidelines.

3.2 Local Governance

19. The activities of the SCHF are carried out under the overall leadership of the Deputy Regional Humanitarian Coordinator with delegation from the Regional Humanitarian Coordinator (RHC) for the Syria crisis. The DRHC is supported by an Advisory Board (AB) and an OCHA-led Humanitarian Financing Unit (HFU) fulfilling the SCHF secretariat functions. The SCHF AB is chaired by the DRHC and welcomes the senior-level participation of contributing donors, UN agencies (in their capacity as cluster lead agencies and partners to the Fund) and NGOs (national and international) representatives. Cluster coordinators play a key role in prioritization, as well as project review at both a strategic and technical level.

3.2.1. Deputy Regional Humanitarian Coordinator (DRHC)

20. The overall management and oversight of the SCHF as detailed in the Operational Handbook for CBPFs rests with the DRHC, supported by the OCHA HFU and advised by the AB. Key responsibilities of the DRHC are to:
- Define the scope and objectives of the SCHF: its programmatic focus; governance structures and membership; allocation modalities and processes; accountability mechanisms; and operational modalities;
 - Approve direct costs for the HFU;
 - Approve, review, and update the SCHF OM prepared in line with the CBPF operational handbook;
 - Chair the AB and provide strategic directions for the SCHF;
 - Lead country-level resource mobilization for the Fund, supported by the Humanitarian Liaison Group (HLG), the OCHA office in Turkey and in coordination with relevant OCHA entities at Headquarters (HQ);
 - Approve the use of and define the strategic focus and amounts of fund allocations;
 - Ensure that the AB and the Strategic and Technical Review Committees are functioning in accordance with the guidelines outlined in the global operational Handbook and the SCHF OM;
 - Approve projects and initiate disbursements;

- Make final decisions on projects recommended for funding²;
- Ensure complementary use of SCHF funding with other funding sources, including the Central Emergency Response Fund (CERF); and
- Lead the process at country level of establishing and closing a CBPF.

3.2.2. Advisory Board (AB)

21. The Advisory Board (AB) is a governance body with an advisory function that supports the DRHC to steer the overall strategy for and oversee the performance of the SCHF. The final decision-making authority rests entirely with the DRHC, who is the chair of the AB.
22. The AB supports the DRHC in developing an overall strategy and overseeing the performance of the SCHF. The AB is consulted on key aspects of the management and strategic direction of the SCHF, including in the development of allocation strategies, the Common Performance Framework, resource mobilization and any other major decision taken related to the Fund. The AB also reviews direct costs of the Fund prior to DRHC approval. It can further serve as a forum to share information on funding coverage to strengthen donors' coordination.
23. The key functions of the AB include:
The SCHF AB plays a consultative role and has responsibilities in three key areas:
 - **Strategic focus and fund allocation:** the AB supports the DRHC in ensuring that the main objectives of the Fund are met. The AB also advises the DRHC on strategic elements of the Fund such as the development of allocation strategies in line with the Humanitarian Response Plan (HRP) and locally developed North West Syria Response Plans and allocation decisions, and the Operational Manual, in addition to setting annual funding targets and support resource mobilization strategy;
 - **Risk management:** The AB supports the DRHC and OCHA Country Office (CO) in undertaking periodic risk analyses and reviewing the risk management framework of the Fund in accordance with the SCHF Accountability Framework (AF) contained in its Operational Manual;
 - **Review of operational activities:** The AB monitors the operational performance of the Fund, providing advice to the DRHC, including through an annual review and endorsement of the Common Performance Framework. The AB also reviews direct costs of the Fund prior to DRHC approval.
 - **Reporting and Communications:** The AB supports and monitors the timing and publication of reporting and communications products, dashboards, and the Annual Report.
24. The membership, the rotation plan as well as main functions and focus of the AB are outlined in the AB Terms of Reference as annex (a) of this manual.

3.2.3. OCHA Head of Office (HoO)

25. The HoO is responsible for the effective management of the Fund in accordance with the CBPF Policy Instruction and the Operational Handbook for CBPFs. The responsibilities of the HoO with respect to the SCHF are to:
 - Support and advise the DRHC on strategic issues and resource mobilization;

² This responsibility is exclusive to the DRHC and cannot be delegated. Funding decisions can be made at the discretion of the DRHC, without a recommendation from the AB, for circumstances requiring an immediate response. Additionally, the DRHC has the authority to overrule recommendations from the strategic and technical review committees.

- Supervise the OCHA HFU and ensure that the unit is well integrated and coordinated with other units of the OCHA CO;
- Ensure that OCHA HFU has the capacity to fulfil its accountability requirements, including risk management and minimum operational modalities;
- Promote active involvement of existing coordination structures in SCHF processes and ensure that the Fund's scope and objectives as outlined in the SCHF OM and/or allocation papers are aligned with the HRP and any other associated plan;
- Approve project revisions, including no-cost extensions (NCEs) within the scope of the delegation of authority granted by the DRHC;
- Interface with HQ on policy issues related to the SCHF; and
- Act as a permanent member of the AB.

3.2.4. OCHA Humanitarian Financing Unit (HFU)

26. The HFU is responsible for the daily management of all programmatic and financial aspect of the CBPF on behalf of the DRHC and under the overall supervision of the OCHA HoO and in coordination with OCHA CBPF Section at headquarters. The OCHA HFU executes the DRHC decisions and organizes the process of allocation funds according to the Handbook and the SCHF OM. In support of the DRHC and the AB, and with the assistance of OCHA HQ.
27. The three main functions of the HFU are summarized as follows:
- Management of SCHF operations and policy advice to the DRHC and OCHA HoO
 - CBPF Project Cycle Management
 - Implementation of the SCHF Accountability Framework (AF)
28. Detailed responsibilities can be found in the global Handbook.

3.2.5. Clusters

29. The cluster³ coordination mechanism supports the SCHF at two levels: (i) at a strategic level, cluster leads should ensure that there are linkages between the Fund, the HRP and cluster strategies; and (ii) at an operational level, cluster coordinators with the support of co-coordinators should provide technical expertise to the process of project prioritization and to the technical review of projects and in revision requests.
30. The Cluster coordinator and co-coordinators will undertake the following activities in relation to the SCHF programme cycle:
- Facilitate all SCHF related processes in consultation with cluster partners;
 - Establish needs-based priorities for SCHF funding in consultation with cluster partners;
 - Facilitate cross-cluster coordination and complementarity of SCHF funded projects throughout the programme cycle;
 - Lead the development of evidenced-based cluster strategies and support the selection of most relevant proposals during SCHF allocation rounds;
 - Ensure that the strategic and technical reviews of projects are carried out through an accountable process to identify, review and recommend for funding priority projects based on agreed allocation strategy and document these processes;

³ The clusters operate according to the terms of reference agreed by the Inter Agency-Standard Committee (IASC) and the Reference Module for Inter Cluster Coordination Groups (ICCG) or any other coordination group of the Syria Cross-border operation. These documents contain few references to the operation of the CBPFs, but acknowledge the key role inter-cluster coordination groups play in the prioritization of and providing recommendations for allocation strategies and resource mobilization of the humanitarian operation as a whole.

- Ensure quality and timely submissions of all related cluster materials;
- Update regularly and ensure the systematic use of relevant standard indicators for projects;
- Strengthen the capacity of cluster partners (national and international) on technical standards to be integrated in SCHF projects and provide technical guidance to applicants during the allocation process;
- Contribute to the implementation of the SCHF AF, specifically monitoring and reporting of SCHF projects by supporting the HFU in the review of reports when needed, participating in TPM reflection sessions and by providing other relevant information about the implemented projects including issues that may impact their implementation and the anticipated results;
- Review and recommend revision requests when technical input is required;
- Input technical comments in the Grants Management System (GMS) during the allocation review process;

3.2.6. Partners

31. The contributions to the SCHF are utilized to fund projects carried out by a selected group of humanitarian actors assessed to be eligible for SCHF funding. This includes UN agencies, NNGOs and INGOs as well as Red Cross/Red Crescent Society.
32. To become eligible to receive funding from the SCHF, international and national NGOs must undergo a capacity assessment process. All UN agencies are eligible to receive funding. More information on the process is available in a section below.
33. In relation to the SCHF, Partners have the following responsibilities:
 - **Application:** The Partner must familiarize themselves with SCHF processes and seek advice from the HFU before applying for funding. In close collaboration with the HFU and the clusters, the applicant partner develops and submits a project proposal and budget to the Fund (through the GMS) providing all necessary supporting documents and required details, within the given deadlines (as per the allocation strategy paper), and in a responsive manner;
 - **Implementation:** After the approval process, the Partner signs a Grant Agreement (GA) (annex (h) and (i)) which specifies the terms and conditions applicable to the approved project. Partners commit to comply with all the requirements defined in the GA⁴ and follows the guidance of the SCHF operational handbook and the related CBPF Global Guidelines. In particular, the partner shall, at its own expense, comply with all laws and regulations of its country of residence and of operation, if different, and assume all liabilities and obligations imposed by any law or regulation with respect to the implementation of the project under the agreement;
 - **Monitoring and accountability:** Partners must have robust internal monitoring and accountability procedures in place. They shall also facilitate the monitoring of the projects in collaboration with the HFU, cluster coordinators and other relevant parties. The OCHA Country Office and headquarters reserve the right to organize visits with partners, external experts or donors to review completed or on-going project activities;
 - **Reporting:** Partners must have robust internal monitoring and shall provide narrative and financial reports in line with the reporting requirements stipulated in the GA or otherwise agreed in the AF 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 DRHC and/or OCHA (HoO and HFU) immediately.

⁴ The GA may be modified as required to accommodate necessary changes in projects.

3.2.7. Review Committee(s)

34. The Review Committee(s) are responsible for the strategic and technical review of the project proposals submitted for SCHF funding. Therefore, for each allocation, dedicated sectoral review committees are formed to review from a strategic and technical perspective the relevance of project proposals received within a specific cluster against the specific allocation strategy. These committees are not representative nor decision-making but technical bodies aiming principally at reviewing project proposals submitted by SCHF eligible partners and ensure the most adequate and relevant projects are recommended for funding.
35. Considering the high number of projects received for each allocation and when relevant, the Strategic Review Committees (SRC) will do a first screening of the submitted project proposals before they go to the Technical Review Committees (TRC). In other instances, strategic and technical review committees can be merged. OCHA HFU will take part in decision making, and support review committees in discharging their functions with the cluster coordinators. Where applicable, sectoral committees can be complemented by or formed into intersectoral review committees, notably for multisectoral and/or integrated interventions or following specific allocation objectives, using the practice developed over the last few years.
36. The Review Committee(s) must be established through a consultative process and according to the guidance provided by the OCHA HFU to ensure a similar approach across Clusters. Clusters Coordinators need to ensure cluster members and OCHA are aware of the committee's selection criteria. For each allocation, the committees will be formed through the clusters, unless otherwise decided, and the selection process will be documented. Cluster Coordinators coordinates with OCHA HFU the process by identifying members based on technical expertise and commitment to dedicate time for reviewing project proposals prior the SRCs and for attending the SRCs. Clusters will send the list of SRC members as soon as an allocation is launched for the review and endorsement of the OCHA HFU. Clusters will be allowed to share the workload between several technical experts for larger allocations only if required by time constraints and ensuring the prior approval by the OCHA HFU and guarantee that the quality of the review will not be altered. Committees must contain a balanced representation of UN agencies, NNGOs, INGOs and Red Cross/Red Crescent society and be regularly renewed. The function and composition of the committees may slightly vary depending on the allocation modality and as guided by the OCHA HFU. Committee members are required to sign and abide by the rules established in the code of conduct and to be familiar with the SCHF Operational Manual. The OCHA HFU organizes the review committees' composition, calls for meeting, ensures the objectivity and oversees the compilation of the recommendations from the committees. Specific guidance has been developed by the OCHA HFU and will be updated as required by the context.
37. The objective of each review committee is as follows:
- **Strategic Review Committee (SRC)**
38. The SRC assesses the proposal's strategic relevance and alignment with the HRP, the allocation strategy and its objectives. Proposals are evaluated and scored using a scorecard developed by the HFU in consultation with the clusters⁵. The Cluster coordinators and the HFU representative ensure that the strategic review of projects is carried out as set in the SCHF OM and in line with the relevant allocation strategy. After the inclusive and transparent strategic review, cluster coordinators on behalf of the Strategic Review Committee (SRC) recommends to the OCHA HFU selected projects for

⁵ A single scorecard will be used for each allocation to score all projects including multi-cluster projects. Multi-cluster project is reviewed by the SRCs of the targeted clusters. Scoring is required for the SRCs representing a cluster with an attributed budget percentage of 20/100 or more. Below 20/100 a recommendation may be required.

funding for further submission to the DRHC for his approval in principle. In line with the global guidance, the results of the scorecard will not be shared with the partners. The process and criteria for selection are inserted in the allocation strategy and the programme manual.

A single scorecard will be used for each allocation, to score all projects including multi-sectoral projects.

- **Technical Review Committee (TRC) and financial review**

39. The projects vetted by the SRC and approved in principle by the DRHC are technically reviewed. The objective of the technical review process is to ensure that proposals are of the highest possible quality before final approval by the DRHC. The members involved in the technical review of the shortlisted SCHF projects should be selected based on demonstrated technical knowledge of the specific cluster. The same committee can be kept for both strategic and technical review committees. This group of experts conducts a detailed deliberation on technical merit of the project proposals and assess the programmatic soundness and financial quality (staffing requirements and/or ratio between direct and support costs will be reviewed and decided during technical review committee deliberations) and appropriateness of project proposals based on the SRC inputs and other comments made. Sufficient time and effort must be dedicated, ensuring that substandard projects are improved or rejected.
40. Specialized advisors can also provide support and inputs to the technical review process. The Cluster Coordinators contribute to the technical review of project proposals and provide cluster-specific standard activities and corresponding standard indicators. The technical review stage includes financial review by OCHA Finance (OCHA/HFU and OCHA HQ).
41. The technical review process involves two-way communication between the review committee and the proposing organization. Partners will be able to re-submit project proposals upon receiving written comments through the technical review process and using the Grant Management System.
42. Each cluster committee should include a minimum of five (5) members as follows:
 - 1 Cluster coordinator (UN) and/or 1 Cluster co-coordinator (NGO), as applicable per cluster;
 - 1 OCHA HFU Programme representative with (1) finance support (required for technical review);
 - 1 INGO representative
 - 1 to 2 NNGO representative(s)
 - 1 UN representative.
43. The composition of the committees should not exceed a maximum of 8 members except in the case of large allocations and as guided by the OCHA HFU and always ensure proportionality in the representation. Committee members should have the capacity to comment on both the financial and programmatic aspect of a proposal and a good knowledge of the cross-border context and experience in humanitarian operations.
44. As relevant, additional members with an observer capacity must be considered including information management officer, gender, PSEA, AAP, cash, inclusion resource persons based on the allocation strategy and submitted projects' portfolio in committee (sectoral and/or multisectoral).
45. In the specific case of a Reserve Allocation, the strategic and technical reviews are merged, and one review committee is formed. As well the composition of the committee may be lighter with at least three (3) members reviewing the proposed projects as follows:
- 46.

- 1 Cluster Coordinator or co-Coordinator
- 1 OCHA/HFU representative
- 1 UN or NNGO or INGO representative

47. In case of an emergency, the review committee members can be limited to two (2) members: the cluster coordinator and the OCHA HFU for maximum two projects.

4. Allocations

48. The SCHF under the management of the DRHC allocates funding through two modalities:

- **Standard Allocation (SA)** is issued on a periodic basis according to the HPC cycle to support predictability and is used to support targeted priorities within the HRP;
- **Reserve Allocation (RA)** is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies, or contextually relevant needs.

49. The rules applicable may differ according to the allocation modality.

50. Donor contributions to the SCHF will be utilized to fund projects carried out by:

- UN Organizations (UNOs)
- National and international Non-Governmental Organizations (NGOs)
- Others (organizations of the Red Cross and Red Crescent Movement)

4.1. Allocation modalities

4.1.1 Standard Allocation (SA)

51. The Standard Allocation process will be used to channel the majority of the funds received annually, based on funding predictability, to support targeted priorities within the HRP.

52. Based on the funding available, a minimum of one standard allocation should be organized per year and preferably two per year in line with the Humanitarian Planning Cycle (HPC) and other essential considerations to maximize the use of the Fund. As much as possible, the SCHF will aim to organize a sizable allocation of at least US\$40 million. As a rule, partners' projects submitted under the SA must be part of the HRP with valid OPS codes⁶.

53. The allocation process is informed by the AB at the strategic level and is conducted in close consultation with the humanitarian partners through the humanitarian coordination mechanism to ensure the best possible use of resources against the HRP. The process is conducted in a transparent manner, which is essential for the Fund to function properly. Transparency should be interpreted as the degree to which all relevant information is communicated to key stakeholders in a timely manner and whether allocation decisions can be documented and rationalized. The process of the SA is organized through several steps which are outlined in the below table. The timeline is indicative and may be slightly amended for each allocation and reviewed every year when updating the Common Performance Framework.

⁶ Exceptions can be granted if the SA is concluded before the HPC process is finalized. The successful partners should provide the OPS code to the HFU upon approval or request.

Table 1: Standard allocation workflow (with indicative number of weeks/days, and may differ based on funding)

Steps	Responsible	Timeline
1. Allocation strategy development (steps can slightly evolve)		
<ul style="list-style-type: none"> OCHA/HFU in consultation with the OCHA's Inter-Cluster Coordination and IM prepares allocation basic parameters to be discussed with the AB (strategic, criteria, process and timeline) online or through a dedicated meeting (ICCG can be involved as needed) 	OCHA	1 week
<ul style="list-style-type: none"> Cluster Coordinators define their strategies and can be reviewed at the ICCG meeting and by the OCHA HFU 	Clusters, ICCG, OCHA	1 or 2 weeks
<ul style="list-style-type: none"> DRHC/AB Strategy reviews and comments on Allocation strategy 	DRHC, AB	2 days (max)
<ul style="list-style-type: none"> Based on AB comments, OCHA finalizes the allocation paper 	OCHA/HFU	2 days after AB feedback
<ul style="list-style-type: none"> DRHC/AB reviews and endorses Allocation Paper 	DRHC, AB	2 days (max)
<ul style="list-style-type: none"> HFU launches allocation on behalf of DRHC (set-up of GMS) and cluster coordinators and SCHF eligible partners are informed accordingly 	OCHA/HFU	1 day
2. Submission of project proposals		
<ul style="list-style-type: none"> Eligible partners submit proposals through the GMS 	Partners	12 working days
<ul style="list-style-type: none"> Proposals are vetted by OCHA/HFU (eligibility of partner, template/criteria compliance, duplication of proposals, etc.) and shared with clusters and committee members 	OCHA/HFU	2 working days
<ul style="list-style-type: none"> HFU, Clusters and committee members read projects proposal in preparation of the Strategic Review Committees (SRCs), <i>OCHA coordination and access provide comments as applicable</i> 	OCHA, Clusters, SRCs	4 working days
3. Strategic Review		
<ul style="list-style-type: none"> The SRCs verify if the project proposal is in line with the HRP and the allocation strategy and objectives and the assessment is conducted using the scorecard in the GMS 	SRCs	5 working days
4. Preliminary approval by DRHC		
<ul style="list-style-type: none"> The HFU shares the SRC recommendations with the AB for information and feedback if necessary⁷ 	OCHA/HFU, AB	1 to 3 working days
<ul style="list-style-type: none"> Recommended projects are submitted to HC for pre-approval. AB may feedback to HC/HFU at meeting or via email 	DRHC/AB	
<ul style="list-style-type: none"> Partners with recommended projects are informed of DRHC pre-approval or rejection. 	OCHA/HFU, Partners	1 to 3 working days
5. Technical and financial reviews		
<ul style="list-style-type: none"> The TRCs and OCHA HQ/CBPFS, conduct the technical and financial review of the shortlisted projects 	TRCs, OCHA/HQ	17 working days
<ul style="list-style-type: none"> The HFU shares consolidated technical feedback (cluster and SCHF) with partner for re-draft 	OCHA/HFU	
<ul style="list-style-type: none"> The HFU liaises with the Partner to determine the start date of the project in line with the allocation strategy paper and clusters' recommendation. The agreed upon start date will be included in the GA if the proposal is endorsed 	OCHA/HFU, partners	
<ul style="list-style-type: none"> If the project does not meet quality standards thereafter, it will be rejected by the DRHC (maximum of 3 rounds of revisions recommended) 	OCHA HFU	
6. Final proposals endorsement by DRHC		
<ul style="list-style-type: none"> Following the clearance of the technical review process, the DRHC officially approves the project and the AB will be informed⁸. 	AB, DRHC, and HFU	10 working days
<ul style="list-style-type: none"> OCHA/HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner 	OCHA/HFU, partners	
<ul style="list-style-type: none"> DRHC approves the project(s) and signs the GAs 	DRHC	
<ul style="list-style-type: none"> Partners countersigns the GA through the system. The eligibility of expenditures will be determined by the date of partner's signature of the GA 	Partners	
<ul style="list-style-type: none"> OCHA HQ/EO signs Grant Agreement which is uploaded as final in GMS 	OCHA HQ/EO	
7. Disbursement		
<ul style="list-style-type: none"> The payment request is processed through OCHA CBPFS. 	OCHA CBPFS, EO	10 working days

⁷ If the AB does not object within 48 hours, the proposal is considered approved. If the AB objects, the DRHC will have to take the final decision. The DRHC has the power to overrule the advice of the AB. Communication can be done remotely or through an AB meeting.

⁸ If the AB does not object within 24 hours, the proposal is considered approved. If the AB objects, the DRHC will have to take the final decision. The DRHC has the power to overrule the advice of the AB.

4.1.2 Reserve Allocation (RA)

54. The RA is intended for rapid and flexible allocation of funds in response to unforeseen circumstances, emergencies, or contextually relevant needs including covering critical gaps. Therefore, the RA requires a strategy/case for funding, which will be limited in scope and criteria compared to the SA.
55. In case of an emergency, the DRHC can activate a RA to respond to imminent and unforeseen needs. The AB is consulted on the proposed strategy (priorities, timeline, and process) and the decision of the DRHC is made within 48 hours maximum. The DRHC, under exceptional circumstances, can launch a RA and notify the AB post facto.
56. The RA can be limited to one or more pre-identified project(s) and/or a limited competitive process. The final decision to accept or reject project proposals rests with the DRHC.
57. As a rule, it is recommended to keep a maximum of ten per cent (10%) of the available contributions to the SCHF as a reserve. However, this amount will be reviewed regularly, and a decision will be made by the DRHC, in consultation with the AB when reviewing the funding status, determining what amount of funds should be set aside. These funds, not programmed during the Standard Allocation, will constitute the Reserve. The process of the RA follows several steps which are outlined below. It will be slightly modified for single project allocations. The timeline is indicative and reviewed every year when updating the Common Performance Framework.

Table 2: Reserve allocation workflow (with indicative number of weeks/days, and may differ based on funding)

Steps	Responsible	Timeline
1. Allocation strategy development (steps can slightly evolve)		
<ul style="list-style-type: none"> OCHA/HFU in consultation with the OCHA's Inter-Cluster Coordination and IM prepares allocation basic parameters to be discussed with the AB (strategic, criteria, process, and timeline) online or through a dedicated meeting (ICCG can be involved as needed). For Reserve Allocations, e-mail communication or limited concept note may be used in lieu of a full Allocation Strategy Paper. 	OCHA	2 working days
<ul style="list-style-type: none"> DRHC/AB reviews and endorses Allocation Paper/strategy (remotely as required) 	DRHC, AB	
<ul style="list-style-type: none"> HFU launches allocation on behalf of DRHC (Allocation Strategy Paper or email notification) 	OCHA/HFU	
2. Submission of project proposals		
<ul style="list-style-type: none"> Eligible partners submit proposals through the GMS 	Partners	5 working days
<ul style="list-style-type: none"> Proposals are vetted by OCHA/HFU (eligibility of partner, template/criteria compliance, duplication of proposals, etc.) and shared with clusters and committee members 	OCHA/HFU	
3. Strategic and Technical Review		
<ul style="list-style-type: none"> The STRCs review projects for strategic and technical relevance using GMS-based simplified scorecard 	STRCs	7 working days
<ul style="list-style-type: none"> The HFU shares consolidated technical feedback (cluster and SCHF) with partner for re-draft 	OCHA HFU	
<ul style="list-style-type: none"> Proposal revision process – if the project does not meet quality standards thereafter, it is rejected by the DRHC 	OCHA/HFU, Partners, DRHC	
4. Final proposals endorsement by DRHC		
<ul style="list-style-type: none"> DRHC approves project 	AB, DRHC, and HFU	5 working days
<ul style="list-style-type: none"> OCHA/HFU notifies AB of HC-approved project portfolio and comments/concerns are relayed back to DRHC 	OCHA/HFU, partners	
<ul style="list-style-type: none"> OCHA/HFU prepares Grant Agreement for finalized projects and sets start date and reporting timeline in consultation with partner 	OCHA/HFU, Partners	
<ul style="list-style-type: none"> Partner counter-signs Grant Agreement 	Partners	
<ul style="list-style-type: none"> OCHA HQ/EO signs Grant Agreement which is uploaded as final in Grant Management System 	OCHA HQ/EO	
5. Disbursement		
<ul style="list-style-type: none"> The payment request is processed through OCHA CBPFS. 	OCHA CBPFS, EO	10 working days

4.2. Allocation criteria

58. The review and approval of project proposals is made in accordance with the objective of the SCHF described above. In this regard, partners are required to abide by allocation eligibility criteria and minimum standards that must be taken into consideration when designing and submitting a project proposal. These criteria and further guidance have been collected and shared in the SCHF Programme Manual ([here](#) and in annex b). These criteria are reviewed regularly and the Programme Manual is updated accordingly and shared ahead of each standard allocation. Partners must be familiar with these criteria before submitting a proposal.

4.2.3. Project Duration

59. The implementation of the SCHF funded projects should not exceed twelve (12) months from the project start date as indicated in the final approved project documents. Exceptions can be made by the DRHC when a longer duration is necessary to meet programmatic requirements.

60. The project pre-financing is limited only to the budgeted costs (of the approved project proposal) incurred in the interim period between the project's approval start date (first possible start date is the date when the DRHC and the partner have both signed the GA) and the date of actual cash disbursement to the recipient project. Exceptions will be made if authorize by specific guidance (e.g. COVID-19 flexibility guidance).

61. If necessary, implementing partners can request project revisions and/or no-cost extensions to re-program and/or extend the duration of the grant. On an exceptional basis and for clear and justified operational reasons, the DRHC can approve a project revision extending the total duration of the project to a maximum of 15 months, or more under exceptional circumstances.

4.2.4. Grant value and partnerships

62. The grant ceiling determines the maximum amount that a partner can receive per project. The SCHF partners' grant ceiling is defined based on the partner risk level and project duration, as outlined in the Operational Modalities in the below section. As a general rule, any SCHF partner can submit a maximum of two (2) project proposals per standard allocation as a direct implementing partner⁹ and a cumulative of three (3) project proposals per standard allocation as both a direct sub-implementing partner. The projects can include one or more cluster(s).

63. SCHF partners and non-partners can apply for funding as a sub-implementing partner. Other considerations may apply and can further limit the grant value, including partners' performance, compliance, and absorption capacity both as a partner and sub-implementing partner.

64. Other considerations may apply and can further limit the grant value, including partners' performance, compliance, and absorption capacity both as a partner and sub-implementing partner. Partnerships with non SCHF eligible members are encouraged by the where there is demonstrable added value, when they can support scaling-up and improving the quality of the response and the project remains cost-effective.

65. As a principle and noted in the GA, the programme support costs (PSC) should be shared proportionately between the partner and the sub-implementing partner(s). Applicants must provide detailed information about any sub-implementing partner, preferably in the project proposal

⁹ The number of proposals allowed per organization per allocation can be increased or decreased on exceptional basis. The number of proposals allowed per organization si specified in the allocation strategy paper.

(exception can happen only when justified) which will be reviewed by the SCHF and are responsible to verify their capacity and due diligence and demonstrated capacity to oversee any partnership for which they remain fully responsible. If the proposed sub-implementing partner is a SCHF partner, the reason they are not directly applying for the fund and the added value of the partnership will be required.

66. While the ceiling per partner does not vary between a standard and reserve allocation, the recommended minimum limit per project is **US\$250,000** for SA and **US\$100,000** for RA. Exceptions on the above can be determined by the DRHC and ceiling(s) can be amended per allocation or partner. The UN Secretariat Executive Officer must approve any increase to the grant ceiling beyond the operational modalities.

4.2.5. Grant Management System (GMS)

67. The [Grant Management System \(GMS\)](#) is a web-based platform that supports the management of the entire grant lifecycle and promotes efficiency and effectiveness for all CBPFs. It is a mandatory tool for SCHF partners and it strengthens OCHA's data analysis and information management capacity and accountability. The GMS streamlines allocations and facilitates interaction among all stakeholders involved in the grant management process, supporting them in discharging their functions. The GMS allows grant recipients to submit project proposals online. Financial and narrative reporting can therefore be done in real time, together with any project revisions. The system provides for real time tracking of processes, tasks, reminders and feedback. The GMS is a robust mechanism allowing Fund Managers to oversee and monitor business processes. The system is integrated with other relevant online systems, including OCHA Contribution Tracking System (OCT) and OCHA Financial Tracking System (FTS).
68. The [CBPF Data Hub](#) is publicly accessible and will provide real time data, including commitments, contributions, allocations, recipient partners, geographical coverage, and funding distribution among clusters.

5. Accountability Framework (AF)

69. Accountability is the foundation for effective CBPF management. It is exercised through a set of different components that enable the DRHC to ensure that: (i) implementing partners are delivering intended programmatic results; (ii) the CBPF is managed responsibly and according to established guidelines; and ultimately (iii) the CBPF is achieving its main objectives.
70. Accountability of the SCHF is articulated at two levels. The first measure of accountability is the ability of the Fund to achieve its objectives as a humanitarian financing mechanism. The DRHC is responsible for establishing a process which produces high-quality needs-based allocation strategies, selects appropriate and qualified implementing partners, monitors implementation and verifies that reported results are genuine and match those of approved project agreements. Second, accountability relates to the ability of individual implementing partners to achieve expected project outputs and outcomes. Implementing partners are responsible for project activities, project outputs and for reporting accurately on results and the use of funds.
71. To this end, OCHA prepares an Accountability Framework consisting of four pillars that enables the DRHC to ensure that implementing partners are delivering intended programmatic results; the SCHF is managed responsibly and according to established guidelines; and that the SCHF is achieving its main objectives. The pillars are:

- Fund-level risk management (Risk Management Framework)
- Partner-level risk management (Due diligence, capacity assessment and performance review)
- Monitoring and reporting
- Audit and evaluation

72. The Accountability Framework forms part of the SCHF OM and once endorsed defines how and when partners will be assessed and selected as SCHF 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.

73. In addition, progressive actions to address non-compliance with any requirement stemming from the accountability framework or the relevant contractual agreements.

74. This section provides an overview of the four pillars of accountability under the SCHF.

5.1 Risk Management at the Fund level

75. The management of the SCHF follows a risk-based approach to ensure a thorough analysis of risks is undertaken and that adequate assurance modalities are identified to mitigate these risks. Risks in the context of the SCHF are not limited to organizations that receive funding and implement projects. Rather, risk management covers the full range of risks that may affect the achievement of the Fund’s objectives. To this end, OCHA HFU has developed and maintains a detailed fund-level risk management framework that broadens the definition of risk beyond programmatic and financial risks associated with implementing partners and identifies the key factors of risks faced by the Fund in the cross-border context.

76. In this light, following the risk management methodology provided in the global Handbook, a risk management framework is developed at the Fund’s level where risks have been identified, analyzed, and categorized by severity according to relative likelihood and potential impact on the Fund’s objectives.

77. Mitigation strategies are designed and assigned to specific stakeholders. This analysis represents a management tool which enables the DRHC, supported by the AB, to ensure strategic decision making and guarantee that the SCHF remains relevant in the context in which it is operating.

78. The risk management process includes the following:

- Establish context;
- Risk identification;
- Risk analysis;
- Risk evaluation;
- Risk treatment;
- Monitor and review of the risk identified; and
- Communication and consultation around the identified and potential risks.

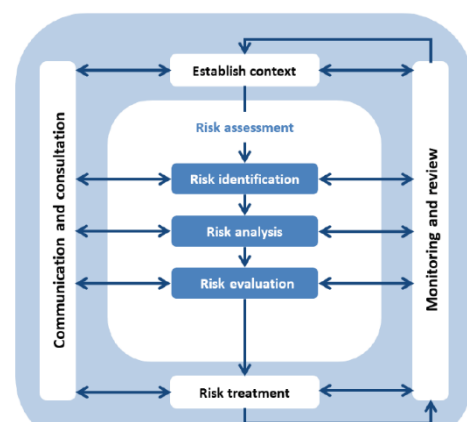


Figure 1: Risk Management Process

79. The Risk Management Framework is intended to be a live document that will be regularly updated depending on the changing circumstances and at least once a year by the Advisory Board. The HFU will update the AB on the implementation progress of the risk treatment actions that have been taken at least once a year. The AB will advise the DRHC accordingly on the critical risks, assessment of the critical risks and outstanding action plans and support relaying information to the Fund's stakeholders to support the implementation of the risk management plan and associated measures. The RMF is available in annex (e).

5.2 Partner-level risk management

80. In line with the Operational Handbook for CBPFs, there are four components to a partner-level risk-based grant management:

- Eligibility process/Capacity Assessment;
- Performance management;
- Operational modalities;
- Compliance mechanism;

5.2.1 Eligibility Process

81. NGOs interested in applying for funding under the SCHF must participate in a Capacity Assessment (CA) process to become eligible as partners. The process is designed to determine whether an organization has the required minimum institutional, managerial, financial, and technical expertise to implement humanitarian projects. The main aim is to ensure that the HFU is equipped with the necessary information about the capacities of the non-governmental partners with access to SCHF funding.

82. The CA is open at the discretion of the DRHC by the HFU¹⁰ based on prior consultation with the AB and cluster coordinators, taking into consideration the funding capacity, the number of partners already eligible and the needs on the ground. As a principle, only a limited number of new partners will be accepted each year to maintain strong partnership capacity. The review of the partnership capacity and possible triggering of a new eligibility process will be reviewed once a year by the Advisory Board.

83. The timeline for the CA review is three to four months depending on the number of applicants. The HFU management is informed about and asked to endorse the outcomes of each step of the process and the DRHC endorses the recommendations. The CA takes into account and, whenever possible, encompasses existing assessments such as the Harmonized Approach to Capacity Assessment (HACT).

84. On exceptional basis, if conducting an CA is not possible due to extenuating circumstances, security concerns or lack of access, for example, then an alternative proxy CA may be considered following AB and DRHC approval of modality and costs. It is at the discretion of the DRHC, in consultation with the AB, to add any new mandatory or optional requirements to the registration, due diligence and/or the CA. The new requirements could be applied on new partners or retroactively on all eligible partners of the SCHF.

85. The process is comprised of four inter-linked steps as follows:

- **Step 1: Application and pre-screening**

86. The CA is initiated by the HFU and the launch of a call to invite interested organizations to submit their applications. Through this call for proposals partners will be invited to submit a set of

¹⁰ The HFU may prioritize the review of the applications of humanitarian actors operating in geographical areas with limited coverage or other relevant parameters identified at for each capacity assessment exercise;

information that will be reviewed under the pre-screening phase. This phase will ensure that the minimum requirements related to the institutional, managerial, financial and technical capacity of the organization as well as legal registration are met. Prospective partners can apply following the instructions to apply circulated by the SCHF which may differ each round and will build on lessons learnt from previous exercises, the needs identified in the response and the operational environment. Once the HFU has verified that the minimum requirements are met through a review of the documents submitted, the organization is invited to move to Step 2. In case of many applicants, the possibility to provide feedback to participants will be limited.

- **Step 2: Due diligence (DD)¹¹/GMS registration**

87. Once the pre-screening process is concluded, applicant organizations that have passed the pre-screening stage are granted access to the GMS (gms.unocha.org) and the Due Diligence (DD) process begins. Once access to the GMS is granted, prospective partners must complete the DD requirements and forms in the GMS within a maximum of two weeks (annex (c) for more information). A thorough review of DD applications and documents is performed by the HFU to ensure that partners meet the necessary set requirements and is a key initial step to safeguard the accountability of the Fund.
88. The DD will only be approved if all the required information and documents are successfully submitted to the HFU within the required timeframe. Once the DD process has been finalized and the prospective partners has been approved on GMS, the organization will undergo an Internal Capacity Assessment (step 3) to determine their eligibility for funding and risk rating.

- **Step 3: Internal Capacity assessment (ICA)**

89. To be eligible for funding, NGOs must undergo an Internal Capacity Assessment (ICA) to determine their eligibility and risk rating. The objective of the CA is to systematically review the institutional, technical, managerial, and financial capacities of the partner, and to ensure that the SCHF has the necessary information to make an informed decision about eligibility and initial risk rating.
90. The SCHF applies the ICA on all prospective partners which will be required to submit the documents listed in the ICA checklist (annex (d)) by email or hard copy as agreed with OCHA/HFU. The assessment and scoring will be done in the GMS using the SCHF CA feature. An CA questionnaire is used to capture key elements of SCHF partners' capacity in the following categories:
1. DD;
 2. Governance and Institutional Capacity;
 3. Programmatic Response Capacity;
 4. Coordination and Partnership Capacity; and
 5. Financial Capacity.

¹¹ The DD process is not required for UN agencies;

Table 3: CA weight per category

CA Categories ¹²		Weight	Note
A	Due Diligence	YES/NO	If an organization does not have approved CBPF 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	A minimum of 15 points is a compulsory requirement to be eligible for SCHF funding. The CA takes into account and, whenever possible, the results of an existing Harmonized Approach to Cash Transfers Capacity Assessment (HACT), whenever available and possible. An NGO's HACT result will be used to score Category E of the ICA as follows: High = 0; Significant = 10; Medium = 20; Low = 30 ¹³
Total Weight		100	

91. The assessment is conducted by an integrated HFU (Finance/ Programme) team and it includes two components:

1. **A desk-based review** of the documents provided by the organization. On conclusion of this step of the ICA, the HFU will inform the organization if the application can proceed to the next step of the process.
2. **Interviews** with the organization's staff members; where possible, visits to the organization's offices, and interviews with key informants such as previous/ existing donors and partners, as well as cluster leads¹⁴ and members.

- **Step 4: Risk Rating**

92. Based on the score obtained during the CA, eligible partners will be categorized in three risk-level categories: low, medium, and high. The risk level will determine the operational modalities and control mechanisms that are applicable as defined in the SCHF's Operational Modalities. 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. The risk rating in the below table is **applicable to new prospective partners and existing SCHF partners** based on their performance with the Fund.

Table 4: Partners' risk level

Organization Score (in percentage)	Eligibility
91 – 100	Organization is eligible as a Low Risk partner.
71 – 90	Organization is eligible as a Medium Risk partner.
51 – 70	Organization is eligible as a High Risk partner.
0 – 50	Organization is not eligible. A new submission for CA can be considered by the SCHF twelve (12) months after this review date.

¹² The categories and weights in the CA questionnaire are fixed globally.

¹³ This measure will be applied on existing SCHF partners as endorsed by the AB on 04 May 2018.

¹⁴ The list of prospective partners will be shared with the respective cluster lead to verify the active membership and the technical expertise of each applicant per cluster, as well as the level of implementation inside Syria (through the 4Ws).

93. Throughout the application for eligibility, the HFU will provide feedback to the organization as to whether their application will proceed to the next step of the process or not. The level of feedback shared will depend on the number of applicants and the stage of the eligibility process; i.e., the more advanced in the process the more detailed the feedback.
94. The partner CA reflects the capacity of a Partner at one particular point in time. As a Partner implements projects, OCHA will review and score the partner on its implementation and performance of SCHF funded projects. Other developments, i.e. an update of the partner's manuals and policies and/ or other donors' audit reports will be used alongside the original CA to determine and adjust the risk level of the Partner.
95. Partners who do not qualify or have been made ineligible¹⁵ are given another opportunity to apply for CA after **twelve months¹⁶ and when a new CA is launched**, provided the Partner can demonstrate that the elements that caused the rejection have been addressed. Partners that have applied twice to an CA but have been unsuccessful will not be considered favorably.
96. Eligible partners that have not implemented SCHF projects for more than **two consecutive years** may be made ineligible and may be required to undergo a new CA when the process is launched. Partners made ineligible due to inactivity must wait 12 months before they can apply to the CA and does not grant any privilege in becoming a SCHF partner. This will be reviewed on a case-by-case basis.

5.2.2 Performance Index (PI)

97. As eligible partners implement projects, their risk level will be adjusted by their Performance Index (PI) score¹⁷. This tool is a key part of the AF and will allow OCHA to have an up-to-date rating of partner performance.
98. The rating of the performance of partners (UN, NGOs, and Red Cross/ Red Crescent Societies) in the implementation of projects will be used alongside the original capacity assessment to determine and adjust as necessary the partner risk levels. During project implementation, the following categories of partner performance are tracked and scored:
- The quality and timeliness of project documents submissions (proposals, budget, and concept notes);
 - The quality and timeliness of implementation against approved targets;
 - The quality and timeliness of reporting;
 - The frequency, timeliness, and justification of project revision requests;
 - The quality of financial management; and
 - The audit findings.

¹⁵ The HFU will develop a performance plan for Partners made non eligible and have on-going projects funded by the SCHF. The plan will be endorsed by the DRHC and is expected to be respected by the partner until the end of the implementation.

¹⁶ The six months will be waived exceptionally in for partners made ineligible based on the increased thresholds. Therefore, a partner made ineligible for the first 2018 Standard Allocation can approach the HFU to review its respective CA once the process is in place.

¹⁷ Annex 10.4. Performance Index (PI)

99. For each project, the different components of the PI 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

*audit findings are not applicable for UN projects

100. 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. The scoring and the weighting are standardized across funds and the GMS will compute the calculations automatically.

Weighting of Capacity Assessment (CA) and Performance Index (PI) to determine Performance Rating and Risk Level

The weighting of projects is adjusted as a partner completes more projects in order to give increasing weight to the performance on the most recent projects

Number of Projects	1	2	3	4	5	6
	Weight	Weight	Weight	Weight	Weight	Weight
CA	60%	40%	25%	15%	0%	0%
PI 1	40%	40%	40%	35%	35%	35%
PI 2		20%	20%	25%	25%	25%
PI 3			15%	15%	20%	15%
PI 4				10%	10%	10%
PI 5					10%	10%
PI 6						5%
total	100%	100%	100%	100%	100%	100%

Notes

PI is the Performance Index score per project
 The principal is that the most recent project is the greatest indicator of competency and so the most recent projects will have more weight for the combined score
 PI 6 is the most recent performance score that is determined by the last and most recent project that is scored
 If the overall score as calculated above passes the threshold below, HFU will be prompted to change of risk level the partner

101. The score from the PI will progressively be given more weight and the capacity assessment score will become less significant as partners implement more projects. In other terms, 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. The calculation and relative weighting of project scores and the original capacity assessment is explained hereafter.

102. The scores assigned to the Partner in each of these factors will be summarized in a Partner Performance Index (PI). The overall risk rating score will be updated at a minimum once a year and to the extent possible before each standard allocation¹⁸ and will be reflected in the GMS. If the overall risk score of a Partner reaches a threshold at which the risk level of the partner should be adjusted, the Fund Manager will be notified automatically through the GMS. Please note, GMS will not automatically revise the risk level of a Partner. Following the GMS’s notification, the Fund Manager should notify the Partner about the adjustment and adjust the risk level manually.

¹⁸ The PI was applied on SCHF partners for the first time in 2018. Therefore, the CA scores were amended based on the PI results of the projects funded between 2014 and 2017. The scores of new projects will be captured in a partners’ performance in the GMS.

103. The PI score can be used to assess future funding decisions and frequency of monitoring. 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 based on poor performance. Ineligible partners can re-apply for capacity assessment **one year after being rendered ineligible**, provided they can demonstrate, in addition to the capacity assessment requirements, the elements causing the poor performance to have been properly and satisfactorily addressed.

5.2.3 Operational Modalities

Table 5: Operational modalities and control mechanisms

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	Year-end (IFR)*	Final	Progress	Final	Project monitoring	Financial spot-check	
I/NGOs & Others												
High	< 7	< 250	-	60-40	Yes	Yes	Yes	1 mid	Yes	1	1	Yes
		> 250	500	50-50	Yes	Yes	Yes	1 mid	Yes	1	1	
	7 - 12	< 250	-	40-40-20	Yes	Yes	Yes	2	Yes	1	1	
		> 250	800	40-30-30	Yes	Yes	Yes	2 - 3**	Yes	1-2***	1	
Medium	< 7	< 250	-	100	-	Yes	Yes	1 mid	Yes	-	-	
		> 250	700	80-20	Yes	Yes	Yes	1 mid	Yes	1	1	
	7 - 12	< 250	-	80-20	Yes	Yes	Yes	1 mid	Yes	0-1***	0-1***	
		> 250	1,500	60-40	Yes	Yes	Yes	1 mid	Yes	1	1	
Low	< 7	< 400	-	100	-	Yes	Yes	-	Yes	-	-	
		> 400	-	80-20	Yes	Yes	Yes	-	Yes	-	-	
	7 - 12	< 400	-	100	-	Yes	Yes	1 mid	Yes	-	-	
		> 400	-	80-20	Yes	Yes	Yes	1 mid	Yes	1	1/partner ****	
UN Agencies												
N/A	< 7	-	-	100	-	Yes	Yes	-	Yes	0*****	-	No
	7 - 12	-	-	100	-	Yes	Yes	1 mid	Yes	1*****	-	

* **NGOs:** Due by 31 January each year covering expenditures up to 31 December (unless waived according to Article X paragraph 3 as per the Grant Agreement);

UN Agencies: Due by 15 February each calendar year until the submission of the Final Financial Statement (in line with Annex B as per the Grant Agreement);

** 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;

**** In case a partner has more than one ongoing project within the same calendar year, at least one project will be subject to Financial Spot-check but to the extent possible FSC will be carried out for all the projects prioritizing the high risk partners. Where relevant and possible, joint spot check for one partner implementing several projects concomitantly can be carried out;

***** Monitoring of UN agency projects is mandatory according to the new 2017 CBPF global guidelines and is described in the monitoring section of this guideline. Monitoring arrangements for projects implemented by UN agencies will be determined by SCHF according to specific agreements. Monitoring of UN agency projects should be based on a sampling methodology considering country-specific factors as required and the internal monitoring mechanism of the UN agency. A monitoring visit will be systematic if the UN agency has a grant equal to or over \$1M.

Note:

- The operational modalities described in the table above corresponds to the minimum requirements required from each funded project based on the duration, amount and risk of a partner;
- The partner risk level and/or spot-check/audit findings and/or context changes and/or the Partner Performance Index (PPI) score can be used by SCHF to request additional monitoring instance and/or financial/narrative reporting and assess future funding decisions;

- In case a project revision modifies the operational modalities, exception may be sought, but as a rule the new modalities created by the change will apply;
- As required, the tranches may be modified as required based on performance or external criteria;
- Minimum requirements: In light of the impact of the Covid-19 pandemic, the allocation strategy will identify potential flexibility in reporting deadlines. Access and other considerations may lead to a greater reliance on desk reviews rather than physical monitoring activities;
- The limits on the “Maximum amount per project” and the number of “Disbursements” can be reviewed by the DRHC based on solid programmatic reasons, duly explained and documented and will form an exception;
- While the maximum ceiling per partner does not vary between a standard and reserve allocation, the recommended minimum limit per project is US\$250,000 for SA and US\$100,000 for RA. Exceptions can be determined by the DRHC and ceiling(s) can be amended per allocation or partner. The UN Secretariat Executive Officer must approve any increase to the grant ceiling beyond the operational modalities;
- Exceptions to the operational modalities shall be submitted through OCHA HQ/CBPFS for approval to the Executive Officer (or a duly delegated officer). In the case of projects implemented by UN agencies, 100 per cent of the approved budget will be disbursed upon signature of the GA.

Total USD Ceiling of Active Grants:

For HIGH risk partners: An individual NGO with a high-risk rating can hold a maximum total amount of \$2.0M in active grants at any one time (this maximum can be reviewed for each allocation as required and will be piloted for the first standard allocation in 2021). Active grants are calculated as grants under implementation at the time of an allocation (estimated date of grant agreement signature as per Allocation Strategy timeline, it does not include projects under audit). Partners who have exceeded that ceiling will have to ensure previous grants have either been closed or under final reporting or auditing before they can request additional funds. A second grant will be dependent on a rate of ‘good performance’ in the most recent assurance/modality activity and/or the finalization of at least one audit of a SCHF project. Partners who have not had an audit finalized will need to have one before applying for a new grant. High risk partners can only receive limited funding for procurement provided strong assurances of sufficient capacity to manage and oversee such processes are given in the proposal at the submission stage.

Remarks: High Risk partners which have never implemented a SCHF project or have not received SCHF funding in the last year can apply for a maximum amount of \$0.5m (total grants) the first time.

For MEDIUM risk partners: Partners with more than \$5M in cumulative grants at any given time will only be eligible to apply for additional grants upon finalization of at least one audit of a SCHF project. The outcome of the audit may impact on partner’s eligibility for a specific allocation.

Remarks: First time medium Risk partners can apply for a maximum amount of \$1.5m (total grants) the first time, 2 grants maximum.

5.2.4 Compliance measures

104. Through the accountability mechanisms, the DRHC will aim to safeguard programmatic and financial management of the HFU. Compliance measures enables the DRHC to address non-compliance with the legal terms agreed between the fund and the recipient organization, especially related to the following types of situations:
- 1) Overdue financial or narrative reports;
 - 2) Non refund of unspent funds;
 - 3) 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);
 - 4) Critical findings from monitoring and financial spot checks;
 - 5) Violation of humanitarian principles and code of conduct (including PSEA);
 - 6) Indication of fraud, corruption, or misuse of funds;
 - 7) Breach of the GA and/or the DD declarations.
105. When a partner does not comply with the requirements described in this Operational Manual and reflected in the contractual agreement or violates any other obligations stemming from the contractual agreement, OCHA will progressively take corrective actions commonly referred to as compliance measures. In line with the single audit principle, donors and member states should not carry out additional audits and should respect the single audit principle to avoid duplication of efforts, minimize disruption and costs to all parties and conflicting recommendations that could result in widespread confusion and misunderstanding of CBPF operations.
106. The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework described above or relevant contractual agreement, the DRHC, through the HFU, will take progressive actions to address Partners' behavior. Amicable solutions should be pursued to the extent possible.

5.2.5 Common Performance Framework (CPF)

107. The Common Performance Framework is a management tool that provides a set of indicators to assess how well the Fund performs in relation to the policy objectives and operational standards set out in the CBPF Global Guidelines. The CPF will enable management and stakeholders involved in the governance of the Funds to identify, analyze and address challenges in reaching and maintaining a well-performing CBPF.
108. The tool is built on five fundamental principles that guide the management of CBPFs and how they achieved the strategic objectives of improving the response, strengthening leadership, and ensuring better coordination and resourcing of humanitarian plans. The CPF applies a set of twenty indicators based on the five principles to measure the fund performance (Inclusivity, Flexibility, Timeliness, Efficiency and Accountability & Risk Management).
109. The twenty indicators will be published as part of the annual report and an annual review of achievements will be presented to the AB.

5.3 Monitoring and Reporting (M&R)

110. Implementing Partners (UN and NGOs) to the SCHF are expected to have adequate internal mechanisms and capacity for project management, reporting and monitoring. The capacity of each organization will be verified during the CA, the project approval process and finally during the monitoring and reporting phase. All recipient organizations, UN agencies and NGOs, are

subject to monitoring by the Fund. While the requirement will not be identical, the SCHF recognize that the DRHC needs reassurance of project performance, regardless of the implementing entity.

111. To achieve the objective of project monitoring as defined in the CBPF global guidelines, the SCHF will use a set of tools to ensure adequate monitoring based on the monitoring capacity of the different entities and the local context. The monitoring plan is defined prior to the signature of the Grant Agreement in line with and in reference to the Fund's Operational Modalities. The reporting timelines are determined based on the Partner's risk level and indicated in the GA. Both monitoring and reporting – financial and narrative – are managed in the GMS. Additional monitoring can be decided during project implementation phase on an ad hoc basis.
112. Monitoring is defined as the systematic and regular process of collecting, verifying and triangulating information to assess progress made against project outputs and activities; bearing in mind accountability to affected populations and donors. Information gathered is used to make informed decisions and strengthen partnership and coordination.

5.3.1 Monitoring objectives

113. The main purpose of monitoring is to assess progress made towards set targets and to verify the accuracy of reporting submitted by partners. SCHF monitoring and reporting activities have the following key objectives:
 - Verify partner progress in delivering of project outputs and activities (as per log frame and work plan), the beneficiary targeting process, the use of resources (as per budget) and internal monitoring and reporting systems.
 - Triangulate information collected through other means, identify gaps and trends in humanitarian operations and reflect on best practices and lessons learned using findings and recommendations for results management, risk mitigation and public information.
 - Strengthen partnership and coordination between OCHA, the partner and the local authorities, and to engage and seek feedback from affected communities.

5.3.2 Roles and Responsibilities

114. Effective monitoring relies on agreement on the roles and responsibilities of all stakeholders (OCHA, Partner, Clusters, etc.) during the different stages: preparation; monitoring and reporting of SCHF funded projects.
115. Project monitoring is the primary responsibility of partners. The role of SCHF management is to collect, organize and provide quality control of the information that has been generated through these mechanisms. Partners must share their SCHF funded project associated monitoring and other performance reports with the OCHA HFU, when available and upon request.
116. The DRHC is responsible for ensuring that a representative sample of CBPF-funded projects are effectively monitored through appropriate monitoring modalities. The HFU is further responsible for coordinating monitoring efforts and ensuring that monitoring of projects is carried out.
117. OCHA, in consultation with the AB, will ensure that there is adequate staffing within the HFU to ensure correct monitoring and reporting functions, such as:
 - Developing, maintaining and updating a comprehensive SCHF monitoring plan;
 - Reviewing and analyzing information collected through monitoring activities and reporting;
 - Evaluating the performance of the partners.

118. As for the clusters, their role starts at the projects review stage by ensuring the following:
- The proposals have sufficient monitoring, reporting and AAP arrangements;
 - The project log frame has a clear link between project objectives and activities and have standardized output indicators identified in the HRP.
119. The clusters also provide assistance during the monitoring and review of monitoring reports and assist in developing recommendations and action points for partners.
120. The HFU shall calculate the expected costs of monitoring and reporting activities based on the target and timeframe. These costs shall become part of the HFU cost plan and are a direct cost of the fund.
121. A monitoring plan should be developed by the HFU at the time allocation decisions have been made and taking into consideration other clusters monitoring activities that should benefit SCHF monitoring efforts. The monitoring plan may be adjusted depending on changes in the operational context and information gathered through reporting. The HFU, in close collaboration with the clusters reviews and analyzes information collected through monitoring activities and reporting.

5.3.3 Monitoring modalities

122. The SCHF identified the following monitoring modalities as a source of information for verifying outputs and results of the funded projects.
- **Third Party Monitoring (TPM)**
123. Third Party Monitoring (TPM) is considered the main monitoring approach suitable for SCHF due to lack of physical access to the project implementation locations by OCHA staff and the cluster. This approach enables the SCHF to obtain independently verified information about the status of implementation of funded projects inside Syria, with 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).
124. HFU is responsible for the following:
- Preparing TPM plan as per the OM;
 - Developing the Terms of Reference (TOR) for contracting external expertise for TPM;
 - Establishing TPM management process; and
 - Facilitating the implementation of selected TPM.
- **Field Officers (FOs) Monitoring**
125. The Field Officers (FOs) project is a monitoring activity coordinated by the OCHA Access and Coordination teams. It aims at gathering relevant information on the humanitarian situation from various locations inside Syria as an additional source of information to the HRP assessment and planning exercises. The FOs capacity will be used on an ad-hoc basis to verify the progress and the quality of the implementation of selected projects' activities.
- **Programmatic and Financial spot-checks**
126. The Programmatic and Financial spot-checks are additional monitoring instances carried out by the OCHA HFU. With the limited access to the field and the increased risk of the implementation, the OCHA HFU had to identify other means of verification of the implementation and the progress of the activities. The Financial spot-check is required as per the operational modalities

while the programmatic spot-check is left at the discretion of the OCHA HFU. The Programmatic and Financial spot-check visit to the partner's office can be launched when deemed necessary or required by the operational modalities, when we need to verify certain activities or triangulate information. Partners shall facilitate the spot-checks and are responsible to address the spot-check recommendations within the agreed timeframe. A spot check can only be financial or programmatic or both.

127. **Financial Spot Check:** The Financial spot-check is particularly useful in terms of assessing the partners' improvement of financial and management practices and systems during the project implementation phase. Financial spot checks will be conducted to assess the soundness of the internal controls and the accuracy of the financial records of the partner. A financial spot check should be conducted based on the risk level of the partner and the operational modality of the Fund. On-site financial spot checks by HFU staff and/or special audits by audit firms may be conducted based on the Operational Modality, or when warranted due to concerns about the functioning of the partner's internal controls. The Financial Spot Check is not intended and is distinct from the project's audit.
128. **Programmatic Spot Check:** The exercise allows to identify key reported outputs/results, identify any shortcomings in programmatic management, discuss the planned activities with the partner's key staff and to strengthen the partnership between the Partner organization and the HFU. The programmatic spot-check will aim to assess the quality and methodology of ongoing SCHF projects, focusing on quality control. These visits aim at raising awareness on the importance of monitoring during HFU evaluation, ensuring that partners adhere to the monitoring standards they have proposed, especially when projects include sub-implementing partners. During the visits, HFU commits to submit comments and methodology on how partner monitoring modalities can be improved.
129. The programmatic spot-checks are prioritized for projects not programmed for TPM, while the Financial spot-checks are conducted once for each project or otherwise described in the operational modalities above. Spot-checks can be conducted onsite or offsite depending on the extraordinary situations (such as COVID-19).

5.3.4 Partners Reporting

130. Minimum narrative and financial reporting requirements for NGOs and UN Agencies are determined according to the Operational Modalities (OM) described above and in-line with the CBPF global guidelines and submitted in the GMS. Individual reporting requirements for each project can be found under Annex B of the project Grant Agreement for NGOs. In addition, any constraints (e.g. financial, logistical, security) that will lead to significant changes to the project must be communicated to the DRHC and/or the HFU immediately.
131. The partner's reporting requirements (type and schedule) are determined based on the risk level of the partner, the duration, and the size of the project. Reports must be submitted by the dates specified in the GA. Partners need to inform the HFU of their other donors for their SCHF-funded projects at the project proposal stage as well as changes to shared costs when submitting interim and final financial reports. Any other change in the activities, locations, implementing partners or else must be reported to the SCHF. A project revision may need to be carried out based on the type of change.
132. In addition to the above-mentioned reports, high risk partners need to submit the list of banking transactions related to the project, project expenses list, and entire and project staffing table

monthly by email. Medium and low risk partners may be required to provide this information on an ad-hoc basis¹⁹.

133. As well, together with the submission of any financial report (interim or final) partners must submit monthly expenditure report for the reporting period with the relevant transaction list as a supporting document.
134. In line with the operational modalities described above, the number and percentage of each disbursement, as well as the narrative and financial reporting requirements will be clearly stipulated in the GA between OCHA and the partner. Therefore, partners who will receive their grant in more than one tranche will submit financial statements when requesting the next disbursement (the 2nd and subsequent instalments for NGOs could be requested upon expenditure (no commitments) of 70 % of the previous instalment received).
135. Depending on the partner risk level and/or spot-check findings and/or context changes, the HFU may request additional financial and narrative reports. The frequency of additional reporting is decided by the HFU on a case-by-case basis. Partners must submit their asset registration documents while submitting the final financial reports (as an annex).
136. Following the approval of the final financial report, partners will be notified by the system about the refund of unspent expenditures. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures. Proof of payment needs to be received and acknowledged by OCHA and uploaded in the system by the partner once the refund module is active.

5.3.5 SCHF Annual Report

137. The DRHC, supported by OCHA/HFU and in close consultation with the Cluster Coordinators, will prepare a narrative Annual Report to report on the Fund performance in relation to its strategic objectives and follow global guidance. The Annual Report will report on fund allocation and achievement by Clusters, and will feature trends, best practices, lessons learned and challenges, and showcase success stories and achievements.
138. OCHA/HFU will publish a range of public information products, including dashboards (quarterly, allocation-specific, and thematic), human interest stories, and monitoring reports.

5.4 Audit

139. The external audit is an oversight mechanism and an essential component of the AF. It enhances the transparency and sound financial management of resources allocated through the SCHF. Audit will be conducted according to global Operational Handbook for CBPF. The Audit will be conducted by the approved audit service provider.

5.4.1 OCHA Operations Audit

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

¹⁹ This reporting requirement is a new requirement under this operational manual update and will be piloted in the first half of 2021 and feedback will be shared with the AB

5.4.2 Projects Audit

141. UN agencies are subject to internal oversight audit systems and other mechanisms established by their respective governing bodies. NGO partners receiving funds from the SCHF are subject to external audit by the SCHF.
142. External audits allow the DRHC to obtain evidence-based assurances on the use of funds transferred to NGOs. Specifically, the external audits help to mitigate financial risks, including the misuse of resources and fraud; identify weaknesses in financial and operational management and recommend critical improvements; and identify ineligible expenditures.
143. External audit findings provide essential feedback to the partner and the system, promoting continuous improvement of NGO financial and operational management and performance, and enabling the DRHC to make better-informed funding decisions. It is the Partner's responsibility to keep proper financial documentation including original supporting documents for all transactions related to the project and cooperate with external auditors. Audit will be carried out in line with the Grant Agreement, the SCHF Operational Manual and the CBPF global handbook.
144. When the audit shows critical (high risk) findings/qualified audit opinion of non-compliance of the partner with the requirements described in this OM and reflected in the contractual agreement or a violation of any other obligations stemming from the contractual agreement (e.g. lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents, lack of authentic receipts) OCHA will progressively take corrective actions.
145. Upon completion of the audit, partners will be notified by OCHA about the exact amount to be refunded. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures. Proof of payment needs to be received and acknowledged by OCHA and uploaded in the system by the Partner once the refund module is open to their access.
146. As mentioned above and in line with the single audit principle, Donors and Member States should not carry out additional audits and should respect the single audit principle. This is to avoid duplication of efforts, minimize disruption and costs to all parties and conflicting recommendations that could result in widespread confusion and misunderstanding of CBPF operations.
147. Following the audit, partners will be required to develop an action plan to address the findings of the audit. Failure to address these findings in a timely manner may lead to the suspension of the partner until such findings are addressed or may lead to ineligibility. The HFU will keep a log of all audit findings to ensure that partners address previous spot-checks and audit findings on management weaknesses before applying for new SCHF funding. The audit results will feed into the performance of the grantees.
148. As mentioned in the SCHF operational modalities, the SCHF applies a project-based approach to audit funded NGOs. External Audit must be conducted with 7 months Within a three years' period, all NGO partners funded by the SCHF must be audited. The audit services are contracted and managed at OCHA Headquarters level. The costs of auditing services will be covered by the SCHF as part of the donors' contributions to the Fund.
149. While the SCHF will continue to maintain the project-based approach audit, OCHA HQ is looking into a risk-based approach to audit partners. The aim is to maximize the objective of the audit as

an oversight mechanism. Therefore, the partner-risk level and allocation amounts may not be the sole basis to determine the sample of projects undergoing an audit. Safeguards will be applied while defining audit plans and specific thresholds and percentages will be determined later between the SCHF and OCHA HQ. As well, the SCHF will systematically review and analyze lessons from each audit exercise to strengthen its audit practices to be rolled-out in subsequent exercises.

5.5 PSEA, fraud and other incidents involving loss

150. The Implementing Partner acknowledges and agrees that United Nations, including OCHA, has zero tolerance for abuse and misconduct, including sexual exploitation and abuse. It shall communicate accordingly to its Personnel and shall take all reasonable measures to prevent abuse and misconduct. In particular, but not limited, the Implementing Partner represents and certifies to undertake all reasonable actions to prevent: sexual exploitation and abuse, sexual and workplace harassment, discrimination, assault, threat, jeopardizing life of staff or others, abuse of authority, mismanagement, misuse and misappropriation of assets and funds, theft, fraud, corruption, misrepresentation, collusion and other violation of procurement principles, gross negligence, conflict of interest, violation of the relevant law, and/or of International Humanitarian, Human Rights and Refugee Law and of humanitarian principles, , violation of confidentiality, violation of terms and contractual clauses under this Agreement. The Implementing Partner must comply with all requirements of the UN Standards of Conduct²⁰ as well as the local PSEA requirements agreed upon by the HLG and the DRHC.
151. In particular, the Implementing Partner shall ensure that all possible measures are taken to prevent its Personnel from exploiting and abusing vulnerable population and other persons of concern to OCHA and engaging in any form of behavior that could qualify as misconduct and abuse. The failure of the Implementing Partner to take effective measures to prevent such abuse or other misconduct, or the failure to investigate allegations of the same and to take disciplinary and corrective actions when misconduct is found to have occurred, will constitute grounds for termination of the agreement with OCHA.
152. Incidents during the project cycle that affect a partners' ability to account for the use of funds or goods, must be reported to HFU in writing as soon as they occur. An Incident Report and supporting documents should be submitted by the partner to the OCHA HFU within 30 days (see Annex (l) and (m), Incident Reporting Guidelines and Incident Report Form). Incidents include theft by third parties, diversion of humanitarian assistance by a third party, looting of offices or warehouses, or loss of documents. These incidents should be reported to the Funds' Advisory Board at a minimum on a six months basis.
153. The Implementing Partner shall ensure that its Personnel do not collude with third parties including but not limited to fix prices, offer, give, solicit or receive bribes or gifts from vendors, nor shall they engage in any activity which could be deemed as illegal, fraudulent or corrupt practice. The Implementing Partner shall ensure that its Personnel discharge their functions free of prejudice and conflict of interest and that sufficient segregation of duties is in place to ensure the principles outlined above.
154. The Implementing Partner shall immediately communicate and ensure full transparency and close coordination with OCHA regarding the suspicion, the planning and conduct of any

²⁰ <https://conduct.unmissions.org/>

investigation, forensic audit or administrative action in regard to allegations of sexual exploitation and abuse, misconduct of staff and beneficiaries and in regard to fraud, and/or misuse of funds related to the present Agreement or the Implementing Partner. The Implementing Partner shall timely share with OCHA the full reports of investigations conducted

155. Further information is included in the grant agreement (annex (h) and (i)).

5.6 Accountability to Affected Populations

156. All SCHF stakeholders are strongly encouraged to abide by the five Commitments to Accountability to Affected Populations of the IASC (Leadership/Governance, Transparency, Feedback/Complaints, Participation, Design Monitoring and Evaluation). 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.

157. At the project proposal stage, implementing partners are asked to describe how affected populations and specific beneficiaries have been and will be involved throughout the project cycle. SCHF 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, assessing the level of participation and access to information by project beneficiaries and complaints mechanisms.

158. The programme manual provides further details and guidance on cross-cutting issues in annex (b) of this manual and associated to each SCHF allocation.

5.7 Gender and age

159. The Inter-Agency Standing Committee Gender with Age Marker (GAM) is utilized by all CBPFs throughout the programme cycle: prospective partners are required to indicate the GAM code (design module) as part of the project proposal, and to report the GAM code (monitoring module) in their progress and final narrative reports. Partners are expected to explain in their reports how gender was addressed during implementation. Beneficiary numbers should be broken down by sex, age, and other diversifying factors whenever possible.

160. If there are challenges and barriers to collecting disaggregated data and information, mechanisms should be put in place to address the gap during implementation. At the reporting stage, partners are required to describe how projects have contributed to promoting gender equality.

161. The programme manual provides further details and guidance on cross-cutting issues in annex to this manual and associated to each SCHF allocation.

5.8 Feedback, complaint mechanisms and Appeals Process

162. During the project implementation and reporting, if needed, the DRHC, 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.

163. Stakeholders or complaints regarding the SCHF processes or decisions can at any point in time contact the OCHA HFU using the SCHF complaints email (schf-feedback@un.org). Complaints will be compiled, reviewed, and raised to the DRHC, who will then take a decision on necessary

action(s). The DRHC will share with the AB any such concerns or complaints and actions taken thereof.

164. Specific issues and complaints from partners, non-partners, and other stakeholders regarding the SCHF can be sent to schf-feedback@un.org. The above email address is available for stakeholders who believe they have been treated incorrectly or unfairly during any of the SCHF processes or would like to report any issue related to mismanagement of SCHF resources or believe their concerns have been insufficiently addressed. The pertinent focal point within the HFU is responsible for addressing or answering the issue raised by the sender. OCHA will compile, review, address and –if necessary- raise the issues to the DRHC, who will then take a decision on necessary action. Any information shared through his email will be managed with confidentiality. Communication can be sent and managed in English, Turkish and Arabic.
165. The SCHF endeavors to provide feedback to its partners throughout its activities and within its capacity. This feedback will either be on a project basis or through sharing overall remarks and feedback when only possible. For general information and inquiries, partners, non-partners, and other stakeholders regarding the SCHF can send an email to: info-schf@un.org.
166. As part of its continuous engagement towards accountability to affected people, the SCHF aims to give beneficiaries an opportunity to provide their feedback and complaints regarding the implementation process and assistance received from SCHF funded projects. In addition to our existing complaint email: schf-feedback@un.org, Third-Party Monitoring (TPM) service provider contracted by OCHA will reach out to beneficiaries when carrying their activities. OCHA’s TPM service provider abides by the [UN Personal Data Protection and Privacy Principles](#).

6. Administration of the SCHF

167. This Section outlines administrative rules and regulation in line with the Global Handbook for CBPFs. The section consists of guidelines in relation to budget preparation, eligibility of costs, definition and separation of costs, grant agreement signature, reprogramming and project closure.

6.1 Budget preparation principles

168. A clear segregation of duties underpins the preparation, review, and clearance of the project budgets. 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 projects. In this regard, Fund Managers in the field, certifying Finance Officers at HQ, and partners have the following specific roles and responsibilities:
169. Fund Managers are responsible to ensure that:
- 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;
 - The cost estimates are reasonable in the specific country context so that funding will be used in the most efficient way.
170. The role of certifying finance officers in HQ is to:
- Verify the budget’s factual correctness, checking coherence with the project proposal and logical framework;

- Flag concerns and seek clarification from Fund Managers on issues that may compromise compliance with UN rules and affect financial transparency and accountability.

171. In the budgeting process, partners are expected to:

- Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project;
- Use and comply with the budget template (Global CBPF Guidelines Annex 9 a and b: Project Budget and Financial Reporting Tool) and guidance provided by OCHA for the classification and itemization of planned costs including required BoQs;
- Provide a budget narrative (as an essential component of the budget) that clearly explains the object and the rationale of every budget line. For example, shared costs, expensive assets, and costs/equipment required to support the regular operation of the partner, are clear cases that require a budget narrative;
- Partners with more than one project, provide shared support cost allocation table clearly explaining how required support will be covered between two or more SCHF funded projects;
- Provide organizational chart and salary scale;
- Partner with previous project implementation experience with the SCHF may be required to provide the assets' list with clear explanation of how assets provided by the SCHF in previous project can be utilized in the new project;
- Partners are responsible to provide, shared cost allocation table, organogram, salary scale, and assets list for their sub-implementing partners;
- Partners with Sub-implementing partners can be required to provide the budget of the sub-implementing partner;
- Where applicable and as much as possible, partners should use cluster and/or recognized and approved local standards to do costing and prepare their budgets.

6.2 Eligible and Ineligible Costs

172. The Global Handbook for CBPFs presents a list of rules and regulation of cost breakdown as described below:

6.1.1 Eligible costs

173. The eligible costs must:

- Be necessary and reasonable for the delivery of the objectives of the project;
- Comply with the principles of sound financial management, in particular the principles of economy, efficiency, effectiveness, transparency, and accountability;
- Be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.

174. These may include:

- All staff costs (including salaries, social security contributions, Stopaj and stamp tax, provision of end service payment, medical insurance, hazard pay (when applicable) and any other cost that OCHA HFU agrees with which are included as part of the salary benefits package of the organization and any other cost mandatory based on the local laws that are communicated to OCHA HFU in due time and before an allocation;
- Salaries and costs may not exceed the costs normally borne by the partner in other projects and must remain reasonable within the range of average scales in use in the local context. Change in salary scales during the project implementation will not be approved;
- Costs for consultancies involved in the implementation of the project;
- Support staff costs at country-level directly related to the project;

- Travel and subsistence costs directly linked to the project implementation for project staff, consultants, and other personnel that may also be eligible, provided the costs do not exceed those normally borne by the partner;
- A contribution to the partner's Country Office costs, as shared costs charged based on a well explained calculation and reasonable allocation system. Shared costs must be itemized;
- The financial support to beneficiaries, including cash and voucher-based distribution;
- Purchase costs for goods and services delivered to the beneficiaries of the project, including quality control, transport, storage, and distribution costs;
- Costs related to non-expendable items (assets) such as equipment, information and technology equipment for registration and similar field activities, medical equipment, water pumps and generators;
- Expenditure incurred by the Partner related to awarding contracts required for the implementation of the project, such as expenses for the tendering process;
- Costs incurred by sub-implementing partners, directly attributable to the implementation of the project;
- Other costs derived directly from the requirements of the GA such as monitoring, reporting, dissemination of information, translation and insurance, including financial service costs (particular bank fees for transfers).

6.1.2 Ineligible costs

175. The following costs are ineligible:

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

6.1.3 Other Types of costs

176. 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:

- Government staff training as a component of a project activity that contributes to the achievement of the overall project objectives;
- Visibility material of the partner directly related to projects funded by SCHF 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;

- Vehicles;
- Depreciation costs for non-expendable/durable equipment used for the project for which the cost is not funded in the current budget or prior SCHF funding;
- Equipment for the regular operations of the partner;
- Recurrent costs for the partner's current operations.

6.3 Direct and Indirect Costs

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

6.1.4 Direct Costs

178. 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. Thus the direct costs include:

- Staff and related personnel costs, including consultants and other personnel;
- Supplies, commodities, materials;
- Equipment;
- Contractual services;
- Travel costs, including transportation, fuel, and daily subsistence allowances for staff, consultants and other personnel linked to the project;
- Transfers and grants to counterparts;
- 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.

6.1.5 Indirect Costs

179. Indirect costs are referred to as Programme Support Costs (PSC). PSC are all costs that are incurred by the Partner regardless of the scope and level of its activities and which cannot be traced unequivocally to specific activities, projects, or programmes. These costs typically include corporate costs (i.e. HQ and statutory bodies, legal services, general procurement, and recruitment etc.) not related to service provision to a particular project.

180. PSC is charged at a maximum 7 per cent of the approved direct expenditures incurred by the Partner. The PSCs of sub-implementing partners associated to the implementation of a specific project must be covered by the overall maximum 7 per cent of the actual project expenditures.

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

6.1.6 Shared Costs

182. Sharing costs between different donors and projects under a country programme of a Partner is an acceptable practice for CBPFs. The Partner may share certain Country Office costs to different uses and projects, for example staff, office rent, utilities, and rented vehicles. The following guidance applies to shared costs in the project budget:

- All shared costs must be directly linked to project implementation;

- All shared costs must be itemized in the budget, following standard accounting practice, and based on a well-justified, reasonable, and fair allocation system, to be clearly explained in the budget narrative of the project and assessed and approved by the HFU;
- The Partner should always be able to demonstrate how costs were derived and explain in the project proposal/logical framework how the calculation was made (e.g. pro-rata, averages).
- If a position is cost-shared, the percentage of the monthly cost corresponding to the time that the person will dedicate to the project shall be budgeted. Portions of a unit may not be budgeted as staff costs; only percentages are acceptable;
- Non-staff shared costs must be shared based on an equitable cost allocation system;
- Accordingly, the percentages in the budget are to be assessed and approved by the HFU;
- Shared-costs, including staff-related costs, should be charged for the entire duration of the project. If this is not possible, the rationale of the apportionment must be explained in the budget narrative.

6.1.7 Guidance on itemization of budget lines

183. Each budget line requires the following cost breakdown:

- Itemize each national and international staff, consultant, and other personnel by function, and provide unit quantity and unit cost (monthly or daily rates) for each staff position;
- Any budget line whose total value exceeds \$10,000 (as cumulative value) requires a clear explanation of the calculation in the budget narrative;
- When budget lines contain costs of multiple items (exceeding \$10,000) a budget breakdown should be included in excel listing item, unit, quantity, value or cost (per unit and total cost);
- Documentation must be uploaded in the GMS;
- Provide unit or quantity (e.g. 10 kits, 1,000 metric tons) and unit cost for commodities, supplies and materials to be purchased. The budget narrative should properly reference unit measures (length, volume, weight, area, etc.);
- Provide technical specifications for items whose unit cost is greater than \$10,000 ensuring their adherence to SPHERE and/or any sectoral standards that apply;
- Provide technical specifications for items whose unit costs can greatly vary based specifications (e.g. for generators, a reference to the possible range of power would be sufficient to properly evaluate the accuracy of the estimated cost);
- Provide details in the budget narrative so that the objective of the budget line can be clearly identified;
- 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.
- Travel costs can be estimated if the calculation modality is accurately described in the budget narrative (e.g. providing estimates on the number of trips and average duration in days, daily subsistence allowance rates, etc.);
- Travel (domestic and international): estimate number of trips and cost per trip;
- Provide list of items and estimated cost per item for kits when the cumulative budget line value exceeds \$10,000;
- Provide the list of items for globally standardized kits such as Post-Exposure Prophylaxis kits and Interagency Emergency Health Kit. This does not include standard kits agreed upon in each country;
- In the case of construction works exceeding \$10,000, only labor costs and known essential materials may be budgeted and itemized, providing unit/quantity and unit cost. The budget narrative should explain how construction costs have been estimated based on a standard prototype of building (e.g. latrine, health post or shelter), type of materials (e.g. wood,

prefabricated or brick/cement/concrete) and the formula or rationale used to estimate construction cost (e.g. per square foot or meter or previous experiences);

- The Partner is responsible and accountable to ensure the budget(s) of the sub-implementing partner(s) adheres to the principles of economy, efficiency, effectiveness, and transparency. The partner must ensure the sub-implementing partner(s) budget(s) are commensurate with the planned activities and outputs, and is reasonable in the specific country context;
- The sub-implementing partner budget should be provided as a single line under the budget category Transfers and Grants to Counterparts. The breakdown details are not required to be provided in GMS but must be provided upon request at any stage. However, at the request of OCHA and/or the auditors, the partner is responsible and accountable to provide the necessary detailed documentation to support the budget and expenditure incurred by the sub-implementing partner. The sub-implementing partner's budget and expenditure details must be available, if requested, at the same level of detail and format applicable to the main implementing partner. These documents must remain available for at least a period of 5 years after the project termination. Any change in the sub-IP budget must be reported to OCHA HFU.

6.4 Grant Agreement Signature

184. Countersigned by the authorized representative of the partner as recorded in the DD module of the GMS. GAs are then sent to OCHA HQ/CBPFS for final approval and signature by EO (or a duly delegated officer). The GAs amendments (see annex (h) and (i), GAs with NGOs and UN agencies) must be submitted to OCHA HQ/CBPFS by the Fund Manager through the GMS. The following supporting documents must be submitted:

- Copy of the GA signed by the DRHC and partner;
- Project proposal (as approved by the HC);
- Project budget (as approved by the HC).

185. The signature of GAs has a processing time of up to 3 business days, provided that the documentation submitted to OCHA HQ/CBPFS is complete, accurate and consistent. The GA is only valid upon signature by both the DRHC and partner. The start date, agreed by the HFU in consultation with the partner, is indicated in the Annex B of the GA. The start date on Annex B can be as early as the signature date of the IP to accommodate expenditure eligibility. If the signature of the GA by the partner occurs after the agreed upon start date, the date of the signature of the GA will determine the official start date of the project.

186. Expenditure is eligible from the date of signature by the partner, which marks the entry into effect of the GA.

6.5 Guidelines on requesting project changes

187. Changes in a project may be required due to various reasons and may have different consequences to the project's scope, duration and budget. Variations of all forms must be brought to the OCHA HFU's attention.

188. The OCHA HFU in consultation with cluster coordinators will assess whether the proposed changes need formal written authorization, whether an amendment to the initial GA (Grant Agreement Amendment -GAA) is necessary (annexes (j) and (k)) or whether the breath of the proposed changes is such that the project needs to be terminated.

189. Global CBPF Guidelines Annex (f) Project Revision Request Forms provide the format to request a NCE/Budget Revision. For more information, partners can refer to the guidelines on requesting project changes (annex g).

190. Project Revision Requests should be submitted at least four weeks prior to the end of the project but preferably as soon as the need for a revision has been identified. Later submissions will not be considered, unless accompanied with an official letter addressed to the Fund Manager explaining and justifying the reasons for the delay in submitting the request.
191. Revisions submitted after the project end date will not be granted. Partners are requested to ensure the revision request submitted well explained and documented. Complete project revision requests accompanied with all required documentation and data should be submitted at least four weeks prior to the end of the project, but preferably as soon as the need for a revision has been identified
192. Mere submission of the Project Revision Requests without all required documentation and data in order to meet the deadline for submission will not be accepted or may lead to a rejection of the revision. Post-facto approval of project revision requests concerning completed or ongoing project activities not included in the Grant Agreements will not be granted. Same applies for the activities completed or ongoing in locations not included in the Grant Agreements.
193. Depending on the nature of the revision, relevant GMS workflows will be activated by the HFU allowing partners to request the required amendments.
194. A signed GA Amendment (annex (j) and (k)) will be required in the following circumstances:
- Changes to the project budget exceeding the 15 per cent tolerance allowed for each Budget Category;
 - Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each Budget Category;
 - Change in duration of the project;
 - Change of banking information relevant to the project;
 - Any other changes that have financial or legal implications and are part of the GA.
195. The following changes do not require a GA Amendment and will be approved in GMS through the 'approval without GA amendment' feature:
- Change in project location, unless the entire project area has been changed;
 - Change in number of beneficiaries, unless this changes the nature of the project;
 - Change in approved project activity unless this changes the project objective and key result.

6.5.1 No-Cost Extensions (NCEs)

196. 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.
197. If necessary, implementing partners can request project revisions and/or no-cost extensions to re-program and/or extend the duration of the grant. On an exceptional basis and for clear and justified operational reasons, the DRHC can approve a project revision extending the total duration of the project to a maximum of 15 months, or more under exceptional circumstances.
198. The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project's budget or activities. To extend the duration, an amendment to the original agreement must be signed by both parties.

6.5.2 Budget Modification

199. There are three types of acceptable budget revisions:

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

- This type of modification does not require formal authorization by the DRHC, which means that within this limit the partner has the flexibility to adjust the project budget as needed throughout the implementation;
- Cost redeployments to budget categories not exceeding 15 per cent of the originally approved budget category are acceptable;
- Redeployment must be done against existing budget lines;

201. Budget revision exceeding 15 per cent

- Cost redeployments to budget categories exceeding 15 per cent of the amount originally approved require the DRHC authorization through a project revision in the GMS;
- The partner will make the request to the OCHA HFU for review and before submission for approval to the DRHC (annexes (f) and (g));
- Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the partner will also submit a revised logical framework;
- The DRHC approval of such modification will be formalized through an amendment to the original GA (inclusive of all necessary supporting documents, project proposal, and project budget).
- **Budget line variations** of more than 15 % or 1,000 USD in the category A ‘Staff and Personnel Costs’ require prior endorsement in writing by the Fund Manager. The submission and subsequent approval of an email justifying the need for this variation is sufficient. No formal GMS approval will be required;
- **Budget line variations** of less than 20% within a category except category A ‘Staff and Personnel Costs’, are acceptable without prior consent, as long as the activities retain the same scope and nature of the original grant. Budget line variations of more than 20 % will require endorsement in writing by the Fund Manager. The submission and subsequent approval of an email justifying the need for this variation is sufficient. No formal GMS approval will be required.

202. Addition of a new budget line

Please note that:

- Under no circumstances should budget revisions increase the approved total budget ²¹;
- Budget line variations within the staff and personnel cost category, not affecting the total value of the category, are acceptable without prior approval, unless exceeding US \$1,000 and 15% (see above);
- Any additional budget lines within a category, even if they have no impact of the total amount of the category, require prior approval from the Fund Manager; Interest income earned on project funds must be reported in the Financial Statements;
- Interest income should be returned to OCHA.

²¹ This does not apply to cost extensions granted under the COVID-19 [flexibility guidelines](#) launched to allow CBPFs to respond with greater flexibility to the novel COVID-19 virus. Cost extensions require formal prior approval from the Fund Manager.

- Fund transfers from category 2, 3, 4, 5, 6 to categories 1 and 7 are not recommended and, any unit cost and percentage increase in salaries and other operational costs (rent, utilities, etc.) that do not directly contribute to reaching the project’s results will not be accepted.

6.6 Project closure

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

- Final narrative report received and cleared by the Fund Manager. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The Fund Manager has up to one calendar month from receipt to review and clear the final narrative report;
- Partners must submit the Final Financial Report (including an inventory of assets purchased under the grant with purchase value over \$500 per asset) within 2 calendar months after the end of the project implementation (including NCEs). Once the final financial statement has been received, it will be pre-cleared by the Fund Manager and cleared by OCHA HQ/CBPFS (within one month).
- After clearance of the FFR, projects will be audited within 7 months;
- OCHA HFU and CBPFS will review and close the project within two months from receipt of the audit report;
- OCHA reserves the right to audit NGO partners (see section above). On this basis, OCHA may also request the reimbursement of unspent or qualified expenditures. Following the closure of a project and its audit (when applicable), partners will be notified by OCHA about the exact amount to be refunded. Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures. Proof of payment needs to be received and acknowledged by OCHA.

7. Contact information

204. All correspondence and general inquiries about this allocation process should be sent to the OCHA Humanitarian Financing Unit at: info-schf@un.org.

205. For substantive issues regarding programme implementation and management:

<p>Suzanna Tkalec Head of Office - OCHA Turkey Email: suzanna.tkalec@un.org</p>	<p>Or Anne Sophie Le Beux, Head, Humanitarian Financing Unit and SCHF Fund Manager Email: lebeux@un.org</p>
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206. For more information, visit:

CBPF Data Hub: <https://cbpf.data.unocha.org/>

SCHF Website: <https://www.humanitarianresponse.info/en/operations/stima/hpf>

OCHA Website: <https://www.unocha.org/syrian-arab-republic/syria-cross-border-humanitarian-fund>

CBPF Global Guidelines :

<https://www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf/cbpf-guidelines>

Grant Management Website: gms.unocha.org

8. Review date

207. The OM is a living document and is subject to be amended based on the request of the DRHC taking into consideration the evolution of the fund;
208. This version has been reviewed and presented to the Advisory Board for comments at the end of 2020;

209. This operational manual may go through a light revision as required on an annual basis to include minor changes and developments agreed by the Advisory Board. In-depth review will be carried out every two to three years and will be guided either by a significant change in the context or global guidance received from headquarters.

9. Annexes

210. The annexes to this Operational Manual are composed of two sets:

- 1) CBPF Annexes to the Global Guidelines applicable to partners and referred to in this manual are available here, most relevant are also included in the list below:
<https://www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf/cbpf-guidelines>
- 2) SCHF Specific Annexes:
 - a. Advisory Board Terms of Reference
 - b. SCHF – Programme Manual
 - c. DD Application Form
 - d. CA Checklist
 - e. SCHF Risk Management Framework
 - f. Project Revision Request Form
 - g. SCHF Guidelines on requesting project changes
 - h. Grant Agreement with NGOs_2020
 - i. Grant Agreement with UN Agencies_2020
 - j. Grant Agreement Amendment with NGOs_2020
 - k. Grant Agreement Amendment with UN Agencies_2020
 - l. Guidelines for HFU for incident reporting
 - m. Incident Report Form
 - n. SCHF Visibility Guidelines

These annexes are available here and will be updated as relevant:

<https://www.humanitarianresponse.info/en/operations/stima/hpf/schf-2021-operational-manual-annexes>